

Pennsylvania Insurance Department – Bureau of Special Funds

*Actuarial Analysis for the Underground Storage Tank
Indemnification Fund and the Tank Installers Indemnification
Program*

As of June 30, 2014

Issue Date – November 26, 2014

555 East Lancaster Avenue
Suite 300
Radnor, PA 19087
tel: 610.834.2100 • fax: 610.834.2176 • www.aon.com





Table of Contents

I. Introduction	1
Purpose	1
Background	1
Scope	1
II. Conditions and Limitations	3
Inherent Uncertainty	3
Extraordinary Future Emergence	3
Data Reliance	3
Discounting	3
Use and Distribution	3
III. Executive Summary	4
Summary of Results	4
Observations/Findings	11
IV. Program Description	14
V. Data	15
VI. Actuarial Analysis	17
Overview	17
Methods/Models of Estimating Unpaid Loss and ALAE Expense	17
Cash Flow and Actuarial Assumptions	19
VII. Description of Exhibits	21
Description of Exhibits - USTIF	21
Description of Pro Forma Exhibits - USTIF	24
Description of Appendix Exhibits - TIIP	26
VIII. Exhibits	28



I. Introduction

Purpose

Aon Global Risk Consulting (AGRC) has been retained by the Pennsylvania Department of General Services (PA DGS) on behalf of the Pennsylvania Insurance Department, Bureau of Special Funds (PA BSF) to provide an actuarial review of the Underground Storage Tank Indemnification Fund (USTIF) and the Tank Installers' Indemnification Program (TIIP) as of June 30, 2014.

The estimated liabilities and projections included in this report are intended to be used to support the management of the USTIF and TIIP. These estimates are based on data valued as of June 30, 2014.

Background

The Underground Storage Tank Indemnification Fund began operation in February 1994 with the purpose of helping underground storage tank owners and operators comply with financial responsibility requirements established by the Federal Environmental Protection Agency (EPA) in the event of a regulated substance release from an eligible underground storage tank (UST). The USTIF also manages the Tank Installers' Indemnification Program which provides coverage to tank installers.

The USTIF is funded by the payment of capacity and throughput fees on regulated substances by tank owners and operators. The USTIF also receives revenue income from investments and other items. The TIIP is funded by the payment of annual certified company fees and tank installer activity fees by certified tank installer companies.

The USTIF issued a \$100mln loan to the Commonwealth of Pennsylvania on October 15, 2002 (General Fund Loan). The outstanding principal on the loan is \$67.5mln as of June 30, 2014.

Scope

The specific scope of our analysis is to provide the following:

- a. Estimate the unpaid loss and allocated loss adjustment expense (ALAE) as of June 30, 2014 for USTIF. The estimates will be provided on a net basis with respect to USTIF's limits and deductibles. Estimates will be provided on both a discounted and undiscounted basis. The interest rates used for discounting the unpaid losses was provided by PA BSF. A review of the appropriateness of the discount rate is outside of scope for this review.
- b. Evaluate the financial status of the USTIF as of June 30, 2014.
- c. Recommend fees for USTIF based on the Underground Storage Tank Indemnification Board (Board) requirements.



- d. Prepare a cash flow report for USTIF that projects payments and investment income through the twenty year period beginning July 1, 2014. The sensitivity of the results to the underlying interest rate assumption will also be tested. Pro forma balance sheets and income statements will be prepared for this period.
- e. Project the annual TIIP underwriting income for the ten year period beginning July 1, 2014.

* * * * *

We, Charles B. Kullmann and Jay Matthew South are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

This report was prepared with the assistance of Sida Wen from Financial Integrity Resources Management, LLC in accordance with our Small Disadvantaged Business proposal submitted to the PA DGS.

We performed this analysis using generally accepted actuarial principles and in accordance with all relevant Actuarial Standards of Practice.

Please contact us if you have any questions regarding this report.

Respectfully submitted,

Aon Global Risk Consulting

Charles B. Kullmann, PhD, FCAS, MAAA
Associate Director & Actuary
+1.610.834.2215
Charles.Kullmann@aon.com

Jay Matthew South, FCAS, MAAA
Associate Director & Actuary
+1.610.834.2291
Matthew.South@aon.com



II. Conditions and Limitations

Inherent Uncertainty

Actuarial calculations produce estimates of inherently uncertain future contingent events. We believe that the estimates provided represent reasonable provisions based on the appropriate application of actuarial techniques to the available data. However, there is no guarantee that actual future payments will not differ from estimates included herein.

Extraordinary Future Emergence

Our projections make no provision for the extraordinary future emergence of losses or types of losses not sufficiently represented in the historical data or which are not yet quantifiable.

Data Reliance

In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis.

Discounting

The uncertainty inherent in the discounted unpaid loss estimates is greater than the uncertainty in the undiscounted loss estimates. This is because undiscounted liabilities normally contemplate an implicit risk margin for the variability in the loss estimation process (e.g., under- or over-estimating). Discounting takes away this implicit risk margin and would subject the unpaid loss estimates to additional risks such as yields on the investment portfolio and the timing risk. Future loss payments could occur more or less rapidly than expected due to random variations and the timing of large claim payments. We made no adjustment to account for these risk margins. The interest rates used for discounting the unpaid losses was provided by PA BSF. A review of the appropriateness of the discount rate is outside of scope for this review.

Use and Distribution

Use of this report is limited to PA BSF for the specific purpose described in the Introduction section. Other uses are prohibited without an executed release with Aon.

Distribution by PA BSF is unrestricted. We recognize that this report may be distributed to third parties. We request that Aon be notified of further distribution of this report. The report should only be distributed in its entirety including all supporting exhibits.



III. Executive Summary

Summary of Results

I. Estimated Outstanding Loss and ALAE for USTIF as of June 30, 2014

The following table summarizes the estimated outstanding loss and ALAE for USTIF as of June 30, 2014. Please see the Observation/Findings section of this report for more details.

Estimated Unpaid Loss and ALAE at 6/30/2014			
(1)	(2)	(3)	(4)
Report Year Beginning 1/1:	Estimated Ultimate Loss and ALAE	Paid Loss and ALAE	Estimated Total Outstanding as of 6/30/2014
1994	\$18,414,580	\$17,114,534	\$1,300,046
1995	\$51,831,532	\$46,196,680	\$5,634,852
1996	\$65,250,000	\$57,063,979	\$8,186,021
1997	\$81,624,776	\$71,862,103	\$9,762,673
1998	\$116,000,000	\$100,871,362	\$15,128,638
1999	\$137,900,000	\$116,148,536	\$21,751,464
2000	\$83,900,000	\$68,862,615	\$15,037,385
2001	\$97,250,000	\$77,716,892	\$19,533,108
2002	\$78,538,808	\$61,243,293	\$17,295,515
2003	\$51,700,000	\$38,605,824	\$13,094,176
2004	\$71,640,937	\$50,671,790	\$20,969,147
2005	\$53,675,064	\$36,266,798	\$17,408,266
2006	\$40,341,838	\$25,730,044	\$14,611,794
2007	\$45,581,258	\$27,548,661	\$18,032,597
2008	\$44,000,000	\$23,339,264	\$20,660,736
2009	\$43,000,000	\$19,392,312	\$23,607,688
2010	\$40,300,000	\$16,049,811	\$24,250,189
2011	\$45,900,000	\$13,233,669	\$32,666,331
2012	\$44,810,025	\$6,695,252	\$38,114,773
2013	\$47,800,000	\$2,792,773	\$45,007,227
1/1 - 6/30/2014	\$23,950,000	\$45,078	\$23,904,922
Total	1,283,408,818	877,451,270	405,957,548



II. Financial Position for USTIF as of June 30, 2014

The following table presents USTIF's estimated financial position as of June 30, 2014. The results are based on our ultimate loss and ALAE projections and the financial statement information and projections provided by USTIF. Please see the Cash Flow and Actuarial Assumptions section of this report for more details.

Financial Position at 6/30/2014		
(1)	(2)	(3)
Assets	Undiscounted	Discounted at 4%
Cash and Invested Assets	\$193,308,216	\$193,308,216
DCED Loan Receivable	-	-
General Fund Loan Receivable	67,500,000	67,500,000
Interest receivable on GF Loan	14,228,415	14,228,415
Total Assets	275,036,631	275,036,631
Liabilities		
Outstanding Loss and ALAE	405,957,548	323,924,819
Other Liabilities	7,693,851	7,693,851
Total Liabilities	413,651,399	331,618,670
Surplus / (Deficit)	(138,614,768)	(56,582,039)

The discounted financial position only discounts the outstanding loss and ALAE expense. The interest rate of 4% used for discounting was provided by PA BSF. The discounting assumes that there are sufficient assets available which have suitably scheduled maturities and/or adequate liquidity to meet the assumed cash flow and investment requirements, which is not the case based on the current projections as the discounted position corresponds to a deficit.

We have been asked to evaluate the sensitivity of the results to the interest rate used for discounting. The total Surplus / (Deficit) based on interest rates of 3.5% and 4.5% are as follows:

	<u>Discounted at 3.5%</u>	<u>Discounted at 4.0%</u>	<u>Discounted at 4.5%</u>
Surplus / (Deficit)	(65,075,492)	(56,582,039)	(48,495,095)



III. Recommendations Regarding USTIF Fees

On September 29, 2003 the Board established a fee setting objective that requires having positive Cash and Invested Assets for a projection period of at least five years. The following tables (Cash Flow Table 1.1 and 1.2) present ten year cash flow projections for the current fee structure under the two scenarios requested by USTIF. Scenario 1 assumes that repayment of the GF Loan will follow the terms presented in the 2014 Memorandum of Understanding between the Office of the Budget and the Insurance Department. Specifically, Scenario 1 assumes future annual payments will be fixed at \$7mln and will begin during the fiscal year beginning 7/1/2015. The payments are assumed to continue until the outstanding principal and interest are paid in full. Scenario 2 assumes that no payments will be made on the GF loan during the projection period.

Under both scenarios, our model predicts that the five year requirement for positive Cash and Invested Assets will be met under the current fee structure (Capacity / Throughput fees of \$.0825 / \$.011). In other words, no fee increases are necessary under the assumptions underlying this analysis and the requirement that positive cash and invested assets be maintained over a five year time horizon. However, the deficit will continue to grow during this period.

Cash Flow Table 1.1

GF Loan Scenario 1: Annual Payments of \$7mln

Fee Structure : 0.0% Increase in Fees Effective 1/1/2015

All Values in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year Beginning	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income at 4% per annum	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
7/1/2014	193,308	60,150	(51,197)	7,652	(12,956)	3,649	196,957	(132,252)	(51,498)
7/1/2015	196,957	59,613	(51,990)	7,909	(6,096)	9,436	206,393	(128,287)	(48,492)
7/1/2016	206,393	59,080	(53,773)	8,255	(5,330)	8,232	214,625	(125,186)	(46,011)
7/1/2017	214,625	58,554	(55,780)	8,531	(5,485)	5,819	220,444	(123,944)	(45,006)
7/1/2018	220,444	58,032	(56,423)	8,737	(5,649)	4,697	225,141	(124,609)	(45,506)
7/1/2019	225,141	57,516	(57,074)	8,894	(6,041)	3,294	228,436	(127,551)	(47,887)
7/1/2020	228,436	57,005	(57,769)	8,993	(6,448)	1,780	230,216	(132,878)	(52,267)
7/1/2021	230,216	56,499	(57,532)	9,051	(6,872)	1,144	231,360	(140,651)	(58,732)
7/1/2022	231,360	55,998	(56,584)	9,096	(7,313)	1,197	232,557	(150,945)	(67,420)
7/1/2023	232,557	55,502	(56,858)	9,120	(7,772)	(0,8)	232,549	(163,917)	(78,545)
7/1/14 - 6/30/24	193,308	577,946	(554,981)	86,238	(69,962)	39,241	232,549	(163,917)	(78,545)



Please see the exhibit “Pro Forma 1.3 - Cash Flow” for the continuation of this projection through 6/30/2034. The Cash and Invested Assets are expected to remain positive throughout the full projection period (i.e., through 6/30/2034).

The cash flow projections under Scenario 2 are as follows:

Cash Flow Table 1.2

**GF Loan Scenario 2: No Payments on GF Loan
Fee Structure : 0.0% Increase in Fees Effective 1/1/2015**

All Values in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year Beginning	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income at 4% per annum	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
7/1/2014	193,308	60,150	(51,197)	7,652	(12,956)	3,649	196,957	(132,252)	(51,498)
7/1/2015	196,957	59,613	(51,990)	7,769	(13,096)	2,296	199,253	(128,410)	(48,615)
7/1/2016	199,253	59,080	(53,773)	7,830	(12,330)	0,806	200,059	(125,682)	(46,506)
7/1/2017	200,059	58,554	(55,780)	7,808	(12,485)	(1,903)	198,156	(125,074)	(46,136)
7/1/2018	198,156	58,032	(56,423)	7,705	(12,649)	(3,334)	194,822	(126,648)	(47,545)
7/1/2019	194,822	57,516	(57,074)	7,541	(13,041)	(5,059)	189,763	(130,783)	(51,120)
7/1/2020	189,763	57,005	(57,769)	7,306	(13,448)	(6,907)	182,856	(137,603)	(56,992)
7/1/2021	182,856	56,499	(57,532)	7,016	(13,872)	(7,890)	174,966	(147,179)	(65,260)
7/1/2022	174,966	55,998	(56,584)	6,701	(14,313)	(8,199)	166,767	(159,602)	(76,077)
7/1/2023	166,767	55,502	(56,858)	6,348	(14,772)	(9,780)	156,988	(175,043)	(89,671)
7/1/14 - 6/30/24	193,308	577,946	(554,981)	73,676	(132,962)	(36,321)	156,988	(175,043)	(89,671)

The Cash and Invested Assets are expected to remain positive under the assumptions in Cash Flow Table 1.2 through 6/30/2031. Additional details regarding the scenario modeled in Cash Flow Table 1.2 are available upon request.

We have been asked to evaluate the sensitivity of these results to the interest rate used for discounting. The total combined results for 7/1/14 – 6/30/24 based on interest rates of 3.5% and 4.5% are as follows:



Cash Flow Results under Additional Investment Rates – 7/1/14 through 6/30/2024 Combined

**GF Loan Scenario 1: Annual Payments of \$7mIn
Fee Structure : 0.0% Increase in Fees Effective 1/1/2015**

All Values Shown in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Investment Rate	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
3.5%	193,308	577,946	(554,981)	73,661	(69,962)	26,664	219,972	(176,494)	(99,859)
4.0%	193,308	577,946	(554,981)	86,238	(69,962)	39,241	232,549	(163,917)	(78,545)
4.5%	193,308	577,946	(554,981)	99,391	(69,962)	52,394	245,702	(150,764)	(57,097)

Cash Flow Results under Additional Investment Rates – 7/1/14 through 6/30/2024 Combined

**GF Loan Scenario 2: No Payments on GF Loan
Fee Structure : 0.0% Increase in Fees Effective 1/1/2015**

All Values Shown in \$000's

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Investment Rate	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
3.5%	193,308	577,946	(554,981)	62,811	(132,962)	(47,186)	146,122	(185,908)	(109,274)
4.0%	193,308	577,946	(554,981)	73,676	(132,962)	(36,321)	156,988	(175,043)	(89,671)
4.5%	193,308	577,946	(554,981)	85,075	(132,962)	(24,922)	168,386	(163,644)	(69,977)

The investment rates are applied to the cash and invested assets underlying column (5) of the tables and to discount the unpaid loss and ALAE amounts underlying column (10) of the tables. Although we have varied the investment rate, the GF Loan interest rate remains unchanged at 0.5% per annum.



IV. Alternative Fee Structures

As shown in the above cash flow projections, the deficit is expected to grow under the current fee structure. In order to ensure that the deficit does not grow over the ten year time horizon, the fees would have to be increased by approximately 3.8% under GF Loan scenario 1 and 5.5% under GF Loan scenario 2. The Scenario 1 cash flow projections under the revised fee structure (+3.8%) are presented in the following table.

<u>Cash Flow Table 2.1</u>									
GF Loan Scenario 1: Annual Payments of \$7mln									
Fee Structure : 3.8% Increase in Fees Effective 1/1/2015 (\$.0856 / \$.0114)									
All Values Shown in \$000's									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year Beginning	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income at 4% per annum	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
7/1/2014	193,308	61,293	(51,197)	7,675	(12,956)	4,815	198,123	(131,086)	(50,332)
7/1/2015	198,123	61,878	(51,990)	8,001	(6,096)	11,793	209,916	(124,764)	(44,969)
7/1/2016	209,916	61,325	(53,773)	8,441	(5,330)	10,663	220,579	(119,232)	(40,057)
7/1/2017	220,579	60,779	(55,780)	8,813	(5,485)	8,327	228,906	(115,482)	(36,544)
7/1/2018	228,906	60,237	(56,423)	9,120	(5,649)	7,285	236,191	(113,560)	(34,457)
7/1/2019	236,191	59,701	(57,074)	9,379	(6,041)	5,966	242,156	(113,830)	(34,167)
7/1/2020	242,156	59,171	(57,769)	9,585	(6,448)	4,538	246,695	(116,399)	(35,788)
7/1/2021	246,695	58,645	(57,532)	9,753	(6,872)	3,993	250,688	(121,323)	(39,404)
7/1/2022	250,688	58,125	(56,584)	9,912	(7,313)	4,140	254,828	(128,674)	(45,149)
7/1/2023	254,828	57,611	(56,858)	10,053	(7,772)	3,034	257,862	(138,604)	(53,232)
7/1/14 - 6/30/24	193,308	598,765	(554,981)	90,732	(69,962)	64,554	257,862	(138,604)	(53,232)



The Scenario 2 cash flow projections under the revised fee structure (+5.5%) are presented in the following table.

Cash Flow Table 2.2									
GF Loan Scenario 2: No Payments on GF Loan									
Fee Structure : 5.5% Increase in Fees Effective 1/1/2015 (\$.0870 / \$.0116)									
All Values Shown in \$000's									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year Beginning	Initial Cash & Invested Assets	Fee Revenue	Loss & ALAE Payments	Investment Income at 4% per annum	Other Cash Flows	Total Cash Flow	Ending Cash and Invested Assets	Undiscounted Year End Deficit	Discounted Year End Deficit
7/1/2014	193,308	61,795	(51,197)	7,685	(12,956)	5,327	198,635	(130,574)	(49,820)
7/1/2015	198,635	62,873	(51,990)	7,901	(13,096)	5,689	204,324	(123,338)	(43,543)
7/1/2016	204,324	62,312	(53,773)	8,097	(12,330)	4,306	208,630	(117,111)	(37,936)
7/1/2017	208,630	61,756	(55,780)	8,215	(12,485)	1,706	210,336	(112,894)	(33,956)
7/1/2018	210,336	61,206	(56,423)	8,256	(12,649)	0,391	210,727	(110,743)	(31,640)
7/1/2019	210,727	60,662	(57,074)	8,240	(13,041)	(1,213)	209,513	(111,033)	(31,369)
7/1/2020	209,513	60,123	(57,769)	8,159	(13,448)	(2,936)	206,577	(113,882)	(33,271)
7/1/2021	206,577	59,589	(57,532)	8,027	(13,872)	(3,789)	202,788	(119,357)	(37,438)
7/1/2022	202,788	59,061	(56,584)	7,875	(14,313)	(3,962)	198,827	(127,543)	(44,018)
7/1/2023	198,827	58,537	(56,858)	7,691	(14,772)	(5,401)	193,426	(138,605)	(53,233)
7/1/14 - 6/30/24	193,308	607,915	(554,981)	80,146	(132,962)	0,118	193,426	(138,605)	(53,233)



V. Projected Underwriting Income for TIIP

The projected TIIP underwriting income for the period 7/1/2014 through 6/30/2024 is presented in the following table. Based on these projections, the current fee schedule is not expected to generate sufficient revenue to cover projected losses and expenses for this 10 year period. The total fee revenue for the periods prior to 7/1/2014 is approximately \$3.9mIn with total reported loss and paid ALAE expense for this period of approximately \$2.1mIn, with nine claims either open or on appeal.

<u>TIIP Loss and Expense Projections</u>				
Incurred by Fiscal Year				
(1)	(2)	(3)	(4)	(5)
<u>Fiscal Year</u>	Total Revenue	Estimated Total Annual Cost	Underwriting Income	Cumulative Underwriting Income
7/1/14 - 6/30/15	280,000	306,125	(26,125)	(26,125)
7/1/15 - 6/30/16	280,000	314,658	(34,658)	(60,783)
7/1/16 - 6/30/17	280,000	323,438	(43,438)	(104,221)
7/1/17 - 6/30/18	280,000	332,476	(52,476)	(156,697)
7/1/18 - 6/30/19	280,000	341,777	(61,777)	(218,473)
7/1/19 - 6/30/20	280,000	351,350	(71,350)	(289,823)
7/1/20 - 6/30/21	280,000	361,203	(81,203)	(371,026)
7/1/21 - 6/30/22	280,000	371,346	(91,346)	(462,373)
7/1/22 - 6/30/23	280,000	381,787	(101,787)	(564,160)
7/1/23 - 6/30/24	280,000	392,535	(112,535)	(676,695)
Total	2,800,000	3,476,695	(676,695)	

Observations/Findings

The management of USTIF has initiated a number of cost containment initiatives and case reserving changes since 2003.

- An "early closing program" began in 2004 in which the PA BSF began working with the PA Department of Environmental Protection (DEP) to identify "stalled" sites and then putting them out for competitive bidding.
- A 60 day reporting requirement was instituted in 2003 (Pa Code 977.34) which requires that claims be filed with USTIF within 60 days after confirmation of the release or coverage will be denied.



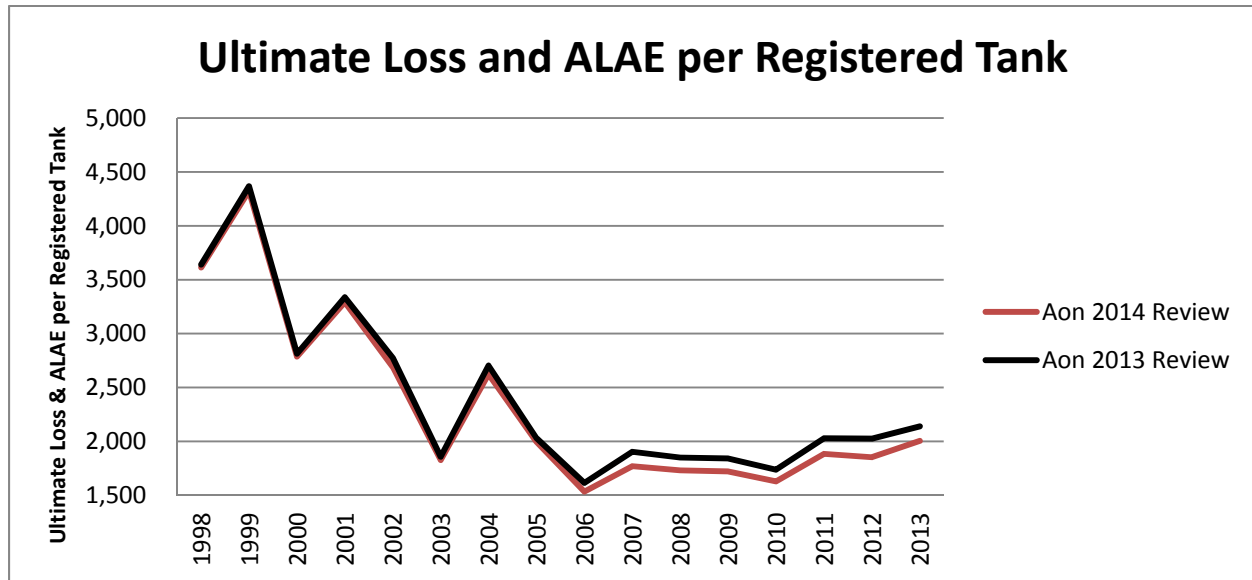
- Fixed price contracts have been aggressively pursued since 2004. The process involves competitive bidding for the site assessment and remediation work. In addition to cutting costs, the use of fixed price contracts is expected to reduce the time required for claim closure.
- The EPA mandated tank upgrade (1998) and more frequent inspections by the DEP have served to reduce claim frequency. The mandated tank upgrade requires tank owners and operators to protect their tanks from corrosion and install spill-and-overflow prevention equipment. The owners and operators were given approximately ten years to comply with this requirement.
- USTIF modified its reserving philosophy in 2003. The current approach is to set-up a preliminary reserve of \$125K until claim eligibility is determined. Once eligibility is confirmed, the preliminary reserve is increased to \$175K. A more refined case reserve is then set within a year based on the specific circumstances of the claim.
- USTIF recently began tracking and reserving for long-term monitoring expenses associated with claims having an environmental covenant. These types of claims have Post Remedial Care Plans (PRCP) that could require site monitoring to be performed for a period of up to approximately 25 years. The case reserves for these expenses are set based on the frequency of monitoring events and the expected cost per event.

We have observed the following in our review of the data:

- Claim frequency has declined significantly since 1999. Although there is year-to-year variability, the frequency rate appears to have leveled off beginning approximately 2007/08. The number of filed claims during 2010 was especially low, whereas the last few years have filing rates more in-line with 2007. The annual number of claims has remained under 190 per year since 2007.
- There is evidence that claims are being closed more quickly and more recent periods have a higher percentage of paid loss to incurred loss compared to prior periods at the same age.
- USTIF has continued to experience better than expected loss experience during the last twelve months. For instance, there was approximately \$20mln less reported loss than expected for the period 2003-2013 (approximately \$10mln less paid loss). The graph below shows a comparison of the current ultimate loss and ALAE estimates to those from one year ago.
- The average expense cost per claim has been increasing. The PA BSF expects the increase in expense cost to lead to a reduction in indemnity costs (e.g., impact of fixed price contracts and early closing programs). The recent experience discussed above continues to support the belief that indemnity cost levels are being impacted favorably.



The following graph presents a comparison the ultimate loss estimates to the estimates in our June 2013 review.



The total decrease in ultimate loss and expense for the period 6/30/2013 and prior is approximately \$35.3mln. The vast majority of this decrease is attributable to a decrease in the estimated ultimate indemnity (approximately \$34.7mln).



IV. Program Description

Pennsylvania's Underground Storage Tank Indemnification Fund began operation in February of 1994 with the purpose of assisting Pennsylvania tank owners in meeting their financial responsibilities due to releases of regulated substances from underground storage tanks.

The fund covers corrective action and third party liability costs on eligible claims for \$1,500,000 above a \$5,000 deductible per tank, per occurrence. Claim payments are limited to \$1,500,000 per occurrence with an aggregate limit of \$1,500,000 or \$3,000,000, depending on whether an owner or operator has less than or more than 100 USTs, respectively. Prior to 1/2002, the limit was \$1,000,000 and prior to 1/1995, the deductible was \$10,000.

The Bureau of Special Funds sustains the operation of USTIF by means of the throughput and capacity fees paid by UST owners and operators, as well as the income generated from the investment of assets. The current throughput and capacity fees are \$0.011 per gallon and \$0.0825 per gallon, respectively. For the throughput fees, each distributor must assess the fee on regulated substance deliveries to regulated USTs. The bulk of throughput fees are generated by gasoline deliveries. For the capacity fee, the owner or operator of USTs storing heating oil, diesel fuel, kerosene, and used motor oil products must pay the annual fee per gallon of tank capacity. These fees have varied over time.

The Bureau of Special Funds also operates the Tank Installers' Indemnification Program to cover the financial liabilities for all certified Pennsylvania tank installers. TIIP went into effect on January 1, 2002. The same coverage as the tank owners is provided for installers. The current TIIP fee structure consists of activity and company fees. All certified companies must pay an annual fee of \$1,000. Activity fees are \$15 for tank removals and \$50 for installations or modifications.

The actuarial analysis for USTIF is in the main section of our review. The actuarial analysis for TIIP is provided in the Appendix.



V. Data

Our analysis was performed using historical loss and exposure information provided by USTIF and their third party claims administrator, ICF Consulting. It's our understanding that the loss data provided was net of all applicable limits and deductibles.

The data used in our analysis included the following:

USTIF Data

- Paid and incurred loss triangles valued as of 6/30/2014
- Paid ALAE expense triangles valued as of 6/30/2014
- Open, closed and reported claim count triangles valued as of 6/30/2014
- Detailed listing of fixed price contracts
- Detailed claims listing underlying the triangles and valued as of 6/30/2014
- Fee history and number of registered tanks by year
- Financial Statements as of June 30, 2014
- Investment income and growth rate assumptions
- GF Loan repayment schedules
- Expected future ICF consulting costs
- Detailed listing of claims with Post Remedial Care (PRC) requirements valued as of 6/30/2014

Note: The paid PRC costs are included in both the data triangles and detailed loss runs. The PRC case reserves are only included in the data triangles and detailed loss runs if they correspond to open claims. ICF has indicated that the Fund has agreed to keep claims open that have PRC activity more frequently than once a year. The detailed listing of PRC claims provided by ICF includes the paid and incurred values for all known claims with a PRC component.

TIIP Data

- Detailed listing of all TIIP claims valued as of 6/30/2014
- Historical fee revenue by fiscal year
- Number of installations, major modifications & tank removals/closures by year



- Projected number of certified companies for 2014/15
- Projected Unallocated Loss Adjustment Expense (ULAE) for 2014/15
- Expected growth rate assumptions for revenue and exposures



VI. Actuarial Analysis

Overview

This analysis applies multiple actuarial reserving methods to arrive at a range of ultimate loss or ALAE indications by policy period. A final ultimate loss or ALAE estimate is selected based on a review of the indications under the methods considering the strengths and weaknesses of each method and the circumstances surrounding the data. Specifically, we employed the following actuarial methods:

- Paid Development Method (Loss and ALAE)
- Incurred Development Method (Loss Only)
- Reported Claim Count Development Method
- Frequency / Severity Method (Loss Only)
- Incurred Generalized Cape Cod Method (Loss Only)
- Paid Generalized Cape Cod Method (Loss and ALAE)

A brief description of each method is provided in the following paragraphs.

Methods/Models of Estimating Unpaid Loss and ALAE Expense

Development Methods

The distinguishing characteristic of the development method is that ultimate estimates for each period are produced from recorded values assuming that future claims' development is similar to prior years' development. In this method, development triangles are used to track the development history of a specific group of claims. The underlying assumption in the development technique is that claims recorded to date will continue to develop in a similar manner in the future. That is, the development technique assumes that the relative change in a given year's claims from one evaluation point to the next is similar to the relative change in prior years' claims at similar evaluation points.

An implicit assumption in the development technique is that, for an immature policy year, the claims activity observed thus far tells you something about the claims activity yet to be observed. As a result, the development method is considered a method that is responsive to the known claims data. For instance, the paid development method tends to give a very high (or very low) estimate for an immature year with a very high (or very low) volume of payments. Other important assumptions of the development method include: consistent claim processing, a stable mix of types of claims, stable policy limits, and stable reinsurance (or excess insurance) retention limits throughout the experience period.



The development method is implemented using the following steps:

1. Compile the claims data in a development triangle to compare the movements in each prior period's data at equal age intervals.
2. Calculate Age-to-Age factors at each age for the historical periods.
3. Review the factors at each age and select the age factors that will apply in the future.
4. Select a tail factor that represents the development that will occur beyond the age horizon provided by the historical data.
5. Calculate the cumulative development factors ("Age-to-Ultimate" factors) by combining the incremental Age-to-Age factors.
6. Apply the Age-to-Ultimate factors to the claims data at the current valuation to arrive at the ultimate estimates.

Generalized Cape Cod Method

As discussed above, the development methods can be very responsive to the claims data. This may not be a desirable characteristic for immature years in which the claims data does not provide predictive value. This is particularly true for long-tailed lines of business such as environmental coverage types which are typically slow to develop. An alternative approach which is not responsive to the claims data would be to assume an a priori or predetermined ultimate outcome until the policy period's data becomes predictive. ("Expected Method").

The Generalized Cape Cod (GCC) Method can be thought of as a mixture of the Expected and Development approaches. The GCC method splits the ultimate estimate into two components: the known component and the expected unknown component. The split between the known and unknown components is determined by the development patterns identified in the development method. The inclusion of the expected unknown component adds stability to the method and the split based on the development pattern serves to add more or less stability based on the expected predictive value of the loss data.

The unknown component is estimated by combining the development method ultimate estimates from "nearby" periods after adjustments are made for differences in exposure and cost levels. For instance, the differences could be due to inflation, coverage changes or other environmental factors. When the GCC method is implemented, the weight given to nearby periods in the calculation of the unknown component is controlled by the value assigned to the Cape Cod decay factor. The differences in exposure and cost levels are controlled through the use of an exposure proxy and trend index.



Frequency / Severity Method

The frequency / severity method estimates the ultimate loss for each policy year as the product of the number of filed claims and the estimated average cost per claim. The total number of claims is known for each full policy in this analysis, so the key assumption is the average cost per claim. The frequency / severity method is considered a relatively stable method in the sense that it's less responsive to the loss data than the development methods.

Cash Flow and Actuarial Assumptions

The main assumptions of our USTIF cash flow and actuarial analyses follow; please see the Description of Appendix Exhibits section for details on the TIIP analysis.

- The future throughput revenue is difficult to project given the recent fluctuations in the price of oil, which along with the overall state of the economy affects the consumption of petroleum products. Our assumptions are based on the Energy Information Administration's (EIA) review of the Middle Atlantic projected motor gasoline consumption growth rate. The EIA provides an annual energy outlook which projects the consumption growth rate under a number of scenarios. Based on a review of the results, we have selected a long-term negative growth rate of 1.0%. The 2014/15 throughput revenue is expected to be \$53.75mln based on a review of the historical information and discussions with USTIF.
- The future number of registered tanks is expected to grow at a rate of 0% based on discussions with USTIF. As a result, the capacity fee growth rate is also assumed to be 0% in the absence of fee increases. The 2014/15 capacity fee revenue is expected to be \$6.4mln based on a review of the historical information and discussions with USTIF.
- The return on cash and invested assets is assumed to be 4% based on discussions with USTIF. We have also evaluated the sensitivity of the results to an increase or decrease in this rate of 0.5%.
- The Department of Community and Economic Development (DCED) loan balance is now \$0.
- A Memorandum of Understanding between the Office of the Budget and the Insurance Department was issued in 2014 that outlines the loan repayment plan for the General Fund loan. The memo indicates that future annual payments will be fixed at \$7mln and will begin during the fiscal year beginning 7/1/2015. The payments are to continue until the outstanding principal and interest are paid in full. Our main projections assume that the payment schedule outlined in the memo will be followed. To help sensitivity test our results, we also consider a second scenario in which no payments are made on the GF loan during the projection period.
- The expense trend rate applicable to both claims administration and other expenses is assumed to be 4% based on discussions with USTIF. The other expense cost expectations for 2014/15 were selected based on a review of the financial statements



and discussions with USTIF. Claims administration cost projections are discussed below.

- The income and cash flow analyses include an item titled "DEP Assistance". These expected payments are a result of Senate Bill 722 passed in 2005. Section 5 of the Act reads "The department may request the board to reimburse the department up to \$3mln annually for its cost related to investigating, determining responsibility, overseeing remediation and third party response and closing out cases of spills and leaks related to storage tanks beginning in fiscal year 2007-2008." There is considerable uncertainty in the expected payments related to this Bill due to their dependence on factors such as the number of claims, number of grants applied for, and the amount of money received from the General Fund. In recent years, a large portion of the DEP Assistance payments have fallen under the base allocation (sections 710 (b)(b.1)(b.2) of the Act) and investigation and closure allocation (section 713 (a)) categories. The assistance in these categories is not to exceed \$5.5mln and \$3.0mln, respectively. Based on discussions with USTIF, we have made the following assumptions: the DEP Assistance for 2014/15 is projected to be approximately \$6.0mln with a trend of approximately 2% per annum for subsequent years. The trend rate reflects the caps applicable to the base allocation and investigation and closure allocation categories.
- Our pro forma balance sheet includes a liability titled "other liabilities" which captures the estimated liability created by USTIF's two week lag in processing payments. The liability is set equal to 3.9% of the loss and ALAE payments for the prior twelve month period, with an additional provisional for other amounts payable (e.g., DEP Assistance).
- USTIF provided estimated annual claims administration costs for the period 7/1/2014 through 6/30/2019. The latest agreement with their TPA, ICF Consulting, was established in 2014 as part of a request for proposal process. The estimates provided by USTIF reflect the latest contract terms. The annual TPA costs for the remainder of our projection period (7/1/2019 through 6/30/2034) are estimated by applying a 4% annual expense trend to the prior cost estimates.
- The prospective frequency and severity trends were selected based on a review of the trends in the historical data and our actuarial estimates. The selected trend rates are as follows: claim frequency trend is 0%, loss severity trend is +2.5% and ALAE severity trend is +4.0%. These trend rates are applied to the selected 2014/15 claim severities and frequency rate to give the future loss and ALAE projections. Please see Pro Form Exhibit 8 for more details.
- The "other cash" item in the cash flow analysis represents recovery amounts from subrogation and, to a lesser extent, Federal EPA / Coast Guard funds (catastrophic release sites). These values tend to vary quite a bit from year to year. For purposes of our analysis, we have assumed \$150,000 of other cash per year throughout the projection period. These values were selected based on discussions with USTIF and are intended to be placeholders which do not materially impact the results of our analysis.



- The estimates in this report include a provision for long-term monitoring expenses associated with claims having an environmental covenant. These types of claims have Post Remedial Care Plans (PRCP) that could require site monitoring to be performed for a period of up to approximately 25 years. We have discussed this exposure with management and the Fund's third party administrator. USTIF and ICF are now tracking these costs and setting up case reserves. Please see the Data section and Exhibit 29 for more details.

VII. Description of Exhibits

Description of Exhibits - USTIF

In this section, we provide a description of the exhibits that support the USTIF loss and ALAE expense estimates. The exhibit discussion is presented in reverse order to match the natural flow of our analysis from data to estimates.

Data Summary – Post Remedial Care Costs (Exhibit 29)

Exhibit 29.1 summarizes the PRC costs by policy period and claim status. As noted in the data section, unlike PRC payments, the PRC case reserves associated with closed claims are not included in the main claims data. The additional PRC loss dollars for closed claims are considered in Exhibit 2 when we evaluate the incurred loss indications.

Exhibit 29.2 summarizes the PRC costs by PRC year. The PRC year is assigned based on the PRC agreement date.

Data Summary – Fixed Price Contracts Through Close (Exhibit 28)

Exhibit 28 summarizes the number of fixed price contracts for each policy year. The counts shown are the incremental number of fixed price contracts entered into as of each age based on the contract date of each agreement. For instance, the year 2 value for 2005 represents the number of fixed price contracts entered into during the period from 1/1/2006 through 12/31/2006. Only fixed price contracts expected to result in claim closure are included in this exhibit.

Data Summary - Loss, ALAE Expense and Claim Counts (Exhibits 25 through 27)

Exhibit 27 provides a summary of the claim count data by status type as of 6/30/2014. The total number of claims has been at lower levels since approximately 2007. According to USTIF, some possible drivers of this decrease are the mandatory tank upgrade instituted in 1998 (with a 10 year changeover period), more frequent inspections by the DEP and the 60 day reporting requirement which began in 2003.

The total number of open claims at recent valuation dates is presented in Exhibit 26. The number of open claims as of each valuation date has been decreasing since 2006. The decrease appears to be driven by lower claim volume combined with USTIF's transition to fixed-priced contracts as well as the effects of the early closing program that started in 2004. Under



the latter, USTIF works with the DEP to identify "stalled" sites and then puts them out for competitive bidding.

Exhibit 25 summarizes the loss and ALAE expense data as of 6/30/2014. Both paid and case incurred loss is summarized. USTIF does not set case reserves for ALAE, so only paid ALAE expense is data is summarized.

Data Summary - Supplemental Data Triangles (Exhibits 16 through 24)

Exhibits 16 through 24 present the following data triangles:

- Average Paid ALAE per Reported Claim (Exhibit 24)
- Ratio of Paid ALAE to Paid Loss (Exhibit 23)
- Average Case Outstanding Loss per Open Claim (Exhibit 22)
- Average Paid Loss per Closed Claim (Exhibit 21)
- Average Incurred Loss per Reported Claim (Exhibit 20)
- Ratio of Closed to Reported Claim Counts (Exhibit 19)
- Ratio of Paid Loss to Incurred Loss (Exhibit 18)
- Open Claim Counts (Exhibit 17)
- Closed Claim Counts (Exhibit 16)

Development Factors (Exhibits 11 through 15)

Exhibits 12 through 15 provide our review of the historical loss, ALAE expense and claim count development patterns. Age-to-Age development factors are selected at each age based on a review of the data and our actuarial judgment. Age-to-Ultimate factors are then computed by combining the Age-to-Age factors multiplicatively. The specific reviews are as follows:

- Paid ALAE Expense Development Factors (Exhibit 15)
- Reported Claim Count Development Factors (Exhibit 14)
- Paid Loss Development Factors (Exhibit 13)
- Incurred Loss Development Factors (Exhibit 12)

Exhibit 11 summarizes the selected cumulative development factors based on these reviews.



Generalized Cape Cod Method - Paid ALAE (Exhibit 10)

Exhibits 10-1 and 10-2 present the indicated ultimate ALAE using the GCC method applied to the paid ALAE expense. We use two alternative exposure bases for these analyses. Exhibit 10-1 uses the ultimate loss estimates from Exhibit 2 as the exposure base. Exhibit 10-2 uses the ultimate claim count estimates from Exhibit 7 as the exposure base. The exposure proxy is adjusted for the change in exposure associated with the coverage limit increase occurring in 2002. This adjustment is based on an increased limit adjustment factor (ILF) selected based on a review of the available data.

Paid ALAE Development Method (Exhibit 9)

The paid ALAE development method is presented in Exhibit 9. The paid ALAE development factors at each age are multiplied by the actual paid ALAE as of 6/30/2014 to estimate the ultimate ALAE expense.

Summary of Ultimate ALAE Indications (Exhibit 8)

Exhibit 8 summarizes the estimated ultimate ALAE using the Paid Development method and the Cape Cod method. The ultimate ALAE expense is then selected by policy period based on a review of the indications and our actuarial judgment.

Reported Claim Count Development Method (Exhibit 7)

The Reported Claim Count Development method is presented in Exhibit 7. The claim count development factors at each age are multiplied by the actual claim counts as of 6/30/2014 to estimate the ultimate number of claims. Policy periods are on a claims-made basis, so only the most recent period is subject to development. The ultimate number of claims is used as the exposure proxy for the Generalized Cape Cod loss methods.

Generalized Cape Cod Method - Paid Loss (Exhibit 6)

Exhibit 6 presents the estimated ultimate loss using the GCC method applied to paid loss. We use the ultimate claim count estimates from Exhibit 7 as the exposure proxy for this analysis. The exposure proxy is adjusted for the change in exposure associated with the coverage limit increase occurring in 2002. This adjustment is based on an increased limit adjustment factor selected based on a review of the available data.

Generalized Cape Cod Method - Reported Loss (Exhibit 5)

Exhibit 5 presents the estimated ultimate loss using the GCC method applied to reported loss. We use the ultimate claim count estimates from Exhibit 7 as the exposure proxy for this analysis. The exposure proxy is adjusted for the change in exposure associated with the coverage limit increase occurring in 2002. This adjustment is based on an increased limit adjustment factor selected based on a review of the available data.



Paid and Incurred Loss Development Methods (Exhibit 4)

The Paid and Incurred Loss Development methods are presented in Exhibit 4. The loss development factors at each age are multiplied by the actual loss as of 6/30/2014 to estimate the ultimate loss.

Frequency / Severity Method (Exhibit 3)

The Frequency / Severity method is presented in Exhibit 3. The annual number of filed claims is known for each year except the most recent partial period. The loss development method indications are considered when selecting the average cost per case for each policy year.

Summary of Ultimate Loss Indications (Exhibit 2)

Exhibit 2 summarizes the estimated ultimate loss using the Development methods and the GCC methods. The ultimate loss is then selected by policy period based on a review of the policy year indications and our actuarial judgment.

Summary of Estimated Loss and ALAE Expense Reserves (Exhibit 1)

Exhibit 1(a) summarizes the ultimate loss estimates and presents the corresponding paid, unpaid, reported and unreported loss components. Exhibit 1(b) summarizes the ultimate ALAE expense estimates and presents the corresponding paid and unpaid expense components.

Description of Pro Forma Exhibits - USTIF

In this section, we provide a description of the exhibits that support the balance sheet, income statement and cash flow statement as of June 30, 2014 and the subsequent twenty year financial projections.

Paid Loss & ALAE (Pro Forma 13)

Pro Forma 13 provides a summary of the paid loss, paid ALAE and the combined total by policy period. The values shown are taken directly from Exhibit 25.

Summary of Estimated Ultimate Loss & ALAE (Pro Forma 12)

Pro Forma 12 provides a summary of the estimated ultimate loss, estimated ultimate ALAE and the combined total by policy period. The values shown are taken directly from Exhibit 2 and Exhibit 8.

Estimated Payment Pattern (Pro Forma 10 and Pro Forma 11)

Pro Forma Exhibit 11 presents our review of the historical loss & ALAE payments. The payment percentages shown in the bottom triangle are stated relative to the ultimate loss and ALAE for each policy period. The selected payment pattern is based on a review of the data values and our professional judgment. The selected pattern is summarized in Pro Forma Exhibit 10. An



interpolated pattern is also presented for ages other than those presented in Pro Forma Exhibit 11.

Frequency and Severity Trend Selections (Pro Forma 9)

Pro Forma Exhibit 9 presents the historical claim frequency, average loss severity and average ALAE severity values implied by our estimates. Trend rates are selected based on a review of the empirical trends and our professional judgment. The selected trend rates are used to project ultimate loss and ALAE for the future periods.

Projected Ultimate Loss & ALAE for Future Periods (Pro Forma 7 and Pro Forma 8)

Pro Forma Exhibit 8 presents the selection of the 2014/15 ultimate claim frequency, ultimate loss severity and ultimate ALAE severity. The selections are based on a review of the historical statistics trended to 2014/15 frequency and cost levels.

Pro Forma Exhibit 7 presents the loss and ALAE projections for the period July 1, 2014-15 through July 1, 2033-34. The projections are based on the assumptions in Pro Forma Exhibit 8 and Pro Forma Exhibit 9.

Projected Payments for Unpaid Loss and ALAE at 6/30/2014 (Pro Forma 3 & Pro Forma 5)

Pro Forma Exhibit 5 computes the loss and ALAE payment patterns for each historical period based on the payment patterns selected in Pro Forma Exhibit 10. Pro Forma Exhibit 3 applies these patterns to the unpaid loss as of 6/30/2014 to project the payment streams for the unpaid loss and ALAE as of 6/30/2014.

Projected Payments of Loss and ALAE for Future Periods (Pro Forma 4 & Pro Forma 6))

Pro Forma Exhibit 6 computes the loss and ALAE payment patterns for each future period based on the payment patterns presented in Pro Forma Exhibit 10. Pro Forma Exhibit 4 applies these patterns to the future loss and ALAE projections to estimate the payment streams for the loss and ALAE associated with the future exposure periods.

Fee Revenue Summary and Projections (Pro Forma 2)

Pro Forma Exhibit 2 summarizes the capacity fees and throughput fees for the historical years. The fees are then restated at current rate levels. Based on review of these values, the 2014/15 expected revenue level is selected.

Cash Flow Statement (Pro Forma 1.3)

Pro Forma Exhibit 1.3 provides the Cash Flow Statements for fiscal year beginning July 1, 2014 through July 1, 2033 based on our analysis. The projections assume that 1) the current fee structure will be in effect during the entire period and 2) repayment of the GF Loan will follow the terms presented in the 2014 Memorandum of Understanding between the Office of the Budget and the Insurance Department. Specifically, it's assumed that future annual payments will be



fixed at \$7mIn and will begin during the fiscal year beginning 7/1/2015. The payments are assumed to continue until the outstanding principal and interest is paid in full. A summary of the results under other fee structures and loan repayment scenarios is included in the Executive Summary.

Income Statement (Pro Forma 1.2)

Pro Forma Exhibit 1.2 provides the Income Statements for each fiscal year beginning July 1, 2014 through July 1, 2033 based on our analysis. The projections assume that 1) the current fee structure will be in effect during the entire period and 2) repayment of the GF Loan will follow the terms presented in the 2014 Memorandum of Understanding between the Office of the Budget and the Insurance Department. Specifically, it's assumed that future annual payments will be fixed at \$7mIn and will begin during the fiscal year beginning 7/1/2015. The payments are assumed to continue until the outstanding principal and interest is paid in full. A summary of the results under other fee structures and loan repayment scenarios is included in the Executive Summary.

Balance Sheet (Pro Forma 1.1)

Pro Forma Exhibit 1.1 provides the Balance Sheet Statements for each fiscal year ending June 30, 2014 through June 30, 2034 based on our analysis. The projections assume that 1) the current fee structure will be in effect during the entire period and 2) repayment of the GF Loan will follow the terms presented in the 2014 Memorandum of Understanding between the Office of the Budget and the Insurance Department. Specifically, it's assumed that future annual payments will be fixed at \$7mIn and will begin during the fiscal year beginning 7/1/2015. The payments are assumed to continue until the outstanding principal and interest is paid in full. A summary of the results under other fee structures and loan repayment scenarios is included in the Executive Summary.

Description of Appendix Exhibits - TIIP

In this section, we provide a description of the exhibits that support the projected annual TIIP underwriting income for the ten year period beginning July 1, 2014.

Exposure Summary (Appendix Exhibit 6)

Appendix Exhibit 6 summarizes the historical fee revenue and the number of tank removals, modifications and installations by period. The number of activities is projected for the 2014/15 period based on a review of the data and discussions with TIIP representatives.

Summary of Claims Data (Appendix Exhibit 5)

Appendix Exhibit 5 provides a summary of the detailed TIIP claims data valued as of June 30, 2014. There have been twenty eight filed claims since 2002 with nine claims open or on appeal. The total reported loss & paid ALAE expense is approximately \$2.1mIn, which represents a decrease of approximately \$3K compared to the June 2013 totals.



Estimated Loss Rate (Appendix Exhibit 4)

Appendix Exhibit 4 provides the support for our selected 2014/15 loss rate. The loss rate represents the expected ultimate loss per installed tank for the 2014/15 policy year. The estimation procedure is based on methods similar to those used in the USTIF analysis. Once the ultimate loss estimates are derived by policy year, they are trended to adjust for differences in cost levels and expressed relative to the exposure base (number of installed tanks). The 2014/15 loss rate is selected based on a review of the indications and our professional judgment.

Revenue Projections for 2014/15 (Appendix Exhibit 3)

The projected revenue for 2014/15 is based on the current fee structure and the projected number of activities / licensed companies is presented in Appendix Exhibit 3.

Loss and Expense Projections (Appendix Exhibit 2)

Appendix Exhibit 2 presents the loss and expense projections for the period 7/1/2014 through 6/30/2024. The number of tanks installed is expected to trend forward at 0% based on discussions with TIIP representatives. The loss estimates are based on the loss rate selected in Appendix Exhibit 4. The annual ALAE expense costs are assumed to be at the same levels (relative to loss) as those implied in the USTIF projections. The estimated ULAE expense expectations were provided by TIIP.

Summary of Results (Appendix Exhibit 1)

The revenue and loss and expense projections are combined and summarized in Appendix Exhibit 1.



VIII. Exhibits

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Balance Sheet (Under Current Fee Structure)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
as of:	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23	6/30/24
Cash & Invested Assets	193,308,216	196,957,157	206,392,742	214,624,831	220,444,095	225,141,431	228,435,671	230,215,756	231,360,085	232,556,967	232,548,805
DCED Loan Receivable	-	-	-	-	-	-	-	-	-	-	-
General Fund Loan Receivable	67,500,000	67,500,000	60,500,000	53,500,000	46,500,000	39,500,000	32,500,000	25,500,000	18,500,000	11,500,000	4,500,000
Interest Receivable on GF Loan	14,228,415	14,637,057	15,030,242	15,390,394	15,717,346	16,010,932	16,270,987	16,497,342	16,689,829	16,848,278	16,972,519
Total Assets	275,036,631	279,094,214	281,922,984	283,515,224	282,661,441	280,652,363	277,206,658	272,213,098	266,549,914	260,905,244	254,021,324
Loss Outstanding	405,957,548	404,249,196	403,082,432	401,504,338	399,329,762	397,961,300	397,431,361	397,738,399	399,857,188	404,543,659	410,621,034
Other Liabilities	7,693,851	7,096,698	7,127,617	7,197,154	7,275,406	7,300,496	7,325,905	7,353,005	7,343,767	7,306,774	7,317,455
Total Liabilities	413,651,399	411,345,893	410,210,049	408,701,491	406,605,168	405,261,796	404,757,266	405,091,404	407,200,955	411,850,433	417,938,489
Undiscounted Surplus (Deficit)	(138,614,768)	(132,251,679)	(128,287,065)	(125,186,267)	(123,943,728)	(124,609,432)	(127,550,607)	(132,878,306)	(140,651,041)	(150,945,189)	(163,917,165)
Discount in Loss Outstanding (4%)	82,032,729	80,753,675	79,795,035	79,175,597	78,938,069	79,103,092	79,663,436	80,611,240	81,919,341	83,525,131	85,371,843
Discounted Surplus (Deficit)	(56,582,039)	(51,498,004)	(48,492,030)	(46,010,670)	(45,005,659)	(45,506,341)	(47,887,171)	(52,267,066)	(58,731,700)	(67,420,058)	(78,545,321)
as of:		6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30	6/30/31	6/30/32	6/30/33	6/30/34
Cash & Invested Assets		231,672,290	229,389,394	224,999,708	212,370,379	196,436,700	177,284,428	154,801,421	128,784,292	99,012,902	65,141,892
DCED Loan Receivable		-	-	-	-	-	-	-	-	-	-
General Fund Loan Receivable		-	-	-	-	-	-	-	-	-	-
Interest Receivable on GF Loan		14,562,382	7,617,694	638,282	-	-	-	-	-	-	-
Total Assets		246,234,672	237,007,088	225,637,990	212,370,379	196,436,700	177,284,428	154,801,421	128,784,292	99,012,902	65,141,892
Loss Outstanding		418,526,978	427,778,333	437,738,439	448,898,006	460,765,986	472,981,197	485,628,894	498,711,692	512,226,266	526,057,745
Other Liabilities		7,312,897	7,329,066	7,372,006	7,397,806	7,444,815	7,508,027	7,570,096	7,634,310	7,700,966	7,774,486
Total Liabilities		425,839,875	435,107,399	445,110,445	456,295,812	468,210,800	480,489,224	493,198,990	506,346,002	519,927,232	533,832,231
Undiscounted Surplus (Deficit)		(179,605,203)	(198,100,311)	(219,472,455)	(243,925,433)	(271,774,101)	(303,204,797)	(338,397,569)	(377,561,710)	(420,914,331)	(468,690,339)
Discount in Loss Outstanding (4%)		87,415,855	89,612,855	91,939,460	94,374,841	96,897,504	99,502,539	102,190,822	104,961,884	107,815,656	110,754,825
Discounted Surplus (Deficit)		(92,189,347)	(108,487,456)	(127,532,994)	(149,550,592)	(174,876,596)	(203,702,258)	(236,206,747)	(272,599,826)	(313,098,675)	(357,935,513)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Income Statement (Under Current Fee Structure)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Fiscal Year Beginning:	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22	7/1/23	
Capacity Fee Revenue	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	
Throughput Fee Revenue	53,750,000	53,212,500	52,680,375	52,153,571	51,632,036	51,115,715	50,604,558	50,098,512	49,597,527	49,101,552	
Subtotal	60,150,000	59,612,500	59,080,375	58,553,571	58,032,036	57,515,715	57,004,558	56,498,512	55,997,527	55,501,552	
Incurred Losses & ALAE	(49,489,023)	(50,823,427)	(52,195,078)	(53,605,064)	(55,054,503)	(56,544,550)	(58,076,397)	(59,651,268)	(61,270,430)	(62,935,186)	
Claim Administration	(5,365,946)	(5,315,946)	(4,353,576)	(4,303,576)	(4,253,576)	(4,423,719)	(4,600,668)	(4,784,695)	(4,976,082)	(5,175,126)	
Other Expenses	(1,740,000)	(1,809,600)	(1,881,984)	(1,957,263)	(2,035,554)	(2,116,976)	(2,201,655)	(2,289,721)	(2,381,310)	(2,476,563)	
Subtotal	(56,594,969)	(57,948,973)	(58,430,638)	(59,865,903)	(61,343,633)	(63,085,245)	(64,878,719)	(66,725,684)	(68,627,823)	(70,586,874)	
Underwriting Income	3,555,031	1,663,527	649,737	(1,312,332)	(3,311,597)	(5,569,530)	(7,874,161)	(10,227,172)	(12,630,295)	(15,085,322)	
DCED Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	
Interest Receivable on GF Loan	408,642	393,185	360,151	326,952	293,587	260,055	226,355	192,487	158,449	124,241	
DEP Assistance	(6,000,000)	(6,120,000)	(6,244,800)	(6,374,592)	(6,509,576)	(6,649,959)	(6,795,957)	(6,947,795)	(7,105,707)	(7,269,935)	
Investment Income	7,652,262	7,908,822	8,255,247	8,530,763	8,736,971	8,893,669	8,993,165	9,050,507	9,096,413	9,119,721	
Total Income	5,615,936	3,845,534	3,020,334	1,170,791	(790,615)	(3,065,766)	(5,450,598)	(7,931,973)	(10,481,140)	(13,111,295)	
Fiscal Year Beginning:	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	Total
Capacity Fee Revenue	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	128,000,000
Throughput Fee Revenue	48,610,537	48,124,431	47,643,187	47,166,755	46,695,087	46,228,137	45,765,855	45,308,197	44,855,115	44,406,564	978,750,210
Subtotal	55,010,537	54,524,431	54,043,187	53,566,755	53,095,087	52,628,137	52,165,855	51,708,197	51,255,115	50,806,564	1,106,750,210
Incurred Losses & ALAE	(64,646,881)	(66,406,901)	(68,216,675)	(70,077,678)	(71,991,429)	(73,959,497)	(75,983,497)	(78,065,098)	(80,206,019)	(82,408,035)	(1,291,606,637)
Claim Administration	(5,382,131)	(5,597,416)	(5,821,312)	(6,054,165)	(6,296,332)	(6,548,185)	(6,810,112)	(7,082,517)	(7,365,817)	(7,660,450)	(112,171,345)
Other Expenses	(2,575,625)	(2,678,650)	(2,785,796)	(2,897,228)	(3,013,117)	(3,133,642)	(3,258,987)	(3,389,347)	(3,524,921)	(3,665,918)	(51,813,857)
Subtotal	(72,604,637)	(74,682,967)	(76,823,784)	(79,029,071)	(81,300,878)	(83,641,323)	(86,052,596)	(88,536,961)	(91,096,757)	(93,734,403)	(1,455,591,839)
Underwriting Income	(17,594,100)	(20,158,536)	(22,780,597)	(25,462,316)	(28,205,790)	(31,013,187)	(33,886,741)	(36,828,765)	(39,841,643)	(42,927,839)	(348,841,628)
DCED Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable on GF Loan	(2,410,137)	(6,944,688)	(6,979,412)	(638,282)	-	-	-	-	-	-	(14,228,415)
DEP Assistance	(7,440,733)	(7,566,140)	(7,628,786)	(7,693,937)	(7,761,695)	(7,832,162)	(7,905,449)	(7,981,667)	(8,060,933)	(8,143,371)	(144,033,194)
Investment Income	9,102,374	9,040,425	8,909,590	8,575,884	8,015,825	7,327,865	6,511,487	5,560,504	4,466,612	3,218,721	156,966,828
Total Income	(18,342,596)	(25,628,939)	(28,479,204)	(25,218,651)	(27,951,660)	(31,517,484)	(35,280,703)	(39,249,927)	(43,435,964)	(47,852,489)	(350,136,409)

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Cash Flow Statement (Under Current Fee Structure)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Fiscal Year Beginning:	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22	7/1/23	
Initial Cash & Invested Assets	193,308,216	196,957,157	206,392,742	214,624,831	220,444,095	225,141,431	228,435,671	230,215,756	231,360,085	232,556,967	
Capacity Fee Revenue	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	
Throughput Fee Revenue	53,750,000	53,212,500	52,680,375	52,153,571	51,632,036	51,115,715	50,604,558	50,098,512	49,597,527	49,101,552	
Paid Losses & ALAE	(51,197,376)	(51,990,191)	(53,773,173)	(55,779,639)	(56,422,965)	(57,074,490)	(57,769,359)	(57,532,479)	(56,583,959)	(56,857,811)	
Paid Expenses	(7,105,946)	(7,125,546)	(6,235,560)	(6,260,839)	(6,289,130)	(6,540,695)	(6,802,323)	(7,074,416)	(7,357,392)	(7,651,688)	
DCED Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	
Interest Receivable on GF Loan	-	-	-	-	-	-	-	-	-	-	
GF Loan Principal Payments	-	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	
DCED Loan Principal Payments	-	-	-	-	-	-	-	-	-	-	
DEP Assistance	(6,000,000)	(6,120,000)	(6,244,800)	(6,374,592)	(6,509,576)	(6,649,959)	(6,795,957)	(6,947,795)	(7,105,707)	(7,269,935)	
Other Cash	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
Investment Income	7,652,262	7,908,822	8,255,247	8,530,763	8,736,971	8,893,669	8,993,165	9,050,507	9,096,413	9,119,721	
Total Cash Flow	3,648,941	9,435,585	8,232,089	5,819,264	4,697,336	3,294,241	1,780,085	1,144,329	1,196,881	(8,162)	
Ending Cash & Invested Assets	196,957,157	206,392,742	214,624,831	220,444,095	225,141,431	228,435,671	230,215,756	231,360,085	232,556,967	232,548,805	
Fiscal Year Beginning:	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	Total - All Years
Initial Cash & Invested Assets	232,548,805	231,672,290	229,389,394	224,999,708	212,370,379	196,436,700	177,284,428	154,801,421	128,784,292	99,012,902	193,308,216
Capacity Fee Revenue	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	128,000,000
Throughput Fee Revenue	48,610,537	48,124,431	47,643,187	47,166,755	46,695,087	46,228,137	45,765,855	45,308,197	44,855,115	44,406,564	978,750,210
Paid Losses & ALAE	(56,740,937)	(57,155,546)	(58,256,569)	(58,918,112)	(60,123,449)	(61,744,285)	(63,335,800)	(64,982,299)	(66,691,445)	(68,576,556)	(1,171,506,440)
Paid Expenses	(7,957,756)	(8,276,066)	(8,607,109)	(8,951,393)	(9,309,449)	(9,681,827)	(10,069,100)	(10,471,864)	(10,890,738)	(11,326,368)	(163,985,202)
DCED Loan Interest Payments	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable on GF Loan	2,500,000	7,000,000	7,000,000	641,473	-	-	-	-	-	-	17,141,473
GF Loan Principay Payments	4,500,000	-	-	-	-	-	-	-	-	-	67,500,000
DCED Loan Principal Payments	-	-	-	-	-	-	-	-	-	-	-
DEP Assistance	(7,440,733)	(7,566,140)	(7,628,786)	(7,693,937)	(7,761,695)	(7,832,162)	(7,905,449)	(7,981,667)	(8,060,933)	(8,143,371)	(144,033,194)
Other Cash	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	3,000,000
Investment Income	9,102,374	9,040,425	8,909,590	8,575,884	8,015,825	7,327,865	6,511,487	5,560,504	4,466,612	3,218,721	156,966,828
Total Cash Flow	(876,515)	(2,282,896)	(4,389,686)	(12,629,329)	(15,933,680)	(19,152,272)	(22,483,006)	(26,017,129)	(29,771,391)	(33,871,009)	(128,166,324)
Ending Cash & Invested Assets	231,672,290	229,389,394	224,999,708	212,370,379	196,436,700	177,284,428	154,801,421	128,784,292	99,012,902	65,141,892	65,141,892



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Fee Revenue Summary**

	Capacity Fee Revenue			Throughput Fee Revenue		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Calendar Year	Capacity Fee	Prior Rate - Average	Capacity Fee @ Current Rate	Gallon Fee	Prior Rate - Average	Throughput Fee @ Current Rate
1997	\$13,469,895	\$0.1500	\$7,408,442	\$45,633,775	\$0.010	\$50,197,152
1998	\$12,596,369	\$0.1000	\$10,392,004	\$23,955,393	\$0.005	\$52,701,864
1999	\$2,091,930	\$0.0200	\$8,629,211	\$7,133,748	\$0.001	\$78,471,230
2000	\$1,247,231	\$0.0100	\$10,289,656	\$2,716,302	\$0.001	\$59,758,652
2001	\$1,076,555	\$0.0100	\$8,881,578	\$2,511,814	\$0.001	\$55,259,906
2002	\$2,289,895	\$0.0171	\$11,066,792	\$4,113,787	\$0.001	\$51,821,593
2003	\$5,178,503	\$0.0750	\$5,696,353	\$45,014,126	\$0.010	\$49,515,539
2004	\$8,492,561	\$0.0825	\$8,492,561	\$56,217,277	\$0.011	\$56,217,277
2005	\$6,389,773	\$0.0825	\$6,389,773	\$54,440,651	\$0.011	\$54,440,651
2006	\$5,944,699	\$0.0825	\$5,944,699	\$54,683,549	\$0.011	\$54,683,549
2007	\$6,178,435	\$0.0825	\$6,178,435	\$56,156,427	\$0.011	\$56,156,427
2008	\$6,367,001	\$0.0825	\$6,367,001	\$52,606,701	\$0.011	\$52,606,701
2009	\$6,125,056	\$0.0825	\$6,125,056	\$52,578,489	\$0.011	\$52,578,489
2010	\$7,090,131	\$0.0825	\$7,090,131	\$54,242,194	\$0.011	\$54,242,194
2011	\$5,585,096	\$0.0825	\$5,585,096	\$53,211,533	\$0.011	\$53,211,533
2012	\$7,356,000	\$0.0825	\$7,356,000	\$54,341,839	\$0.011	\$54,341,839
2013	\$5,657,228	\$0.0825	\$5,657,228	\$55,001,501	\$0.011	\$55,001,501
2014	\$3,319,427	\$0.0825	\$3,319,427	\$24,650,840	\$0.011	\$24,650,840
Total	\$106,455,784		\$130,869,444	\$699,209,946		\$965,856,937
Control	\$106,455,784		\$130,869,444	\$699,209,946		\$965,856,937

Selected for 2014/2015 Under Current Fee Structure

\$6,400,000

53,750,000

- (2) & (5) Provided by USTIF.
 (3) & (6) Exposure weighted average of monthly rates.
 (4) = (2) / (3) * 0.0825
 (7) = (5) / (6) * 0.011
 (2) - (7) Values for 2014 represent the six month period 1/1 - 6/30.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Projected Loss & ALAE Payments for Unpaid Losses as of 6/30/2014

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Report Year Beginning 1/1	Ultimate Losses & ALAE ¹	Paid Loss & ALAE as of 6/30/14 ²	Estimated Unpaid as of 6/30/14	Development Age as of 6/30/14	Payment Year Beginning ³									
					07/01/14	07/01/15	07/01/16	07/01/17	07/01/18	07/01/19	07/01/20	07/01/21	07/01/22	07/01/23
1994	18,414,580	17,114,534	1,300,046	246	433,349	433,349	433,349	-	-	-	-	-	-	-
1995	51,831,532	46,196,680	5,634,852	234	1,408,713	1,408,713	1,408,713	1,408,713	-	-	-	-	-	-
1996	65,250,000	57,063,979	8,186,021	222	1,455,931	1,682,522	1,682,522	1,682,522	1,682,522	-	-	-	-	-
1997	81,624,776	71,862,103	9,762,673	210	1,062,814	1,547,320	1,788,134	1,788,134	1,788,134	1,788,134	-	-	-	-
1998	116,000,000	100,871,362	15,128,638	198	1,508,310	1,482,778	2,158,734	2,494,704	2,494,704	2,494,704	2,494,704	-	-	-
1999	137,900,000	116,148,536	21,751,464	186	1,937,282	1,975,454	1,942,015	2,827,323	3,267,348	3,267,348	3,267,348	3,267,348	-	-
2000	83,900,000	68,862,615	15,037,385	174	1,191,915	1,233,139	1,257,437	1,236,152	1,799,677	2,079,766	2,079,766	2,079,766	2,079,766	-
2001	97,250,000	77,716,892	19,533,108	162	2,201,043	1,373,799	1,421,314	1,449,319	1,424,786	2,074,305	2,397,135	2,397,135	2,397,135	2,397,135
2002	78,538,808	61,243,293	17,295,515	150	2,060,886	1,716,679	1,071,480	1,108,538	1,130,380	1,111,246	1,617,831	1,869,619	1,869,619	1,869,619
2003	51,700,000	38,605,824	13,094,176	138	1,364,524	1,397,673	1,164,235	728,667	751,800	766,613	753,636	1,097,197	1,267,957	1,267,957
2004	71,640,937	50,671,790	20,969,147	126	2,640,328	1,910,018	1,956,419	1,629,660	1,017,166	1,052,346	1,073,081	1,054,917	1,535,823	1,774,847
2005	53,675,064	36,266,798	17,408,266	114	2,415,438	1,887,820	1,365,652	1,398,829	1,165,198	727,268	752,422	767,247	754,260	1,098,105
2006	40,341,838	25,730,044	14,611,794	102	1,671,730	1,795,464	1,403,271	1,015,129	1,039,790	866,125	540,599	599,297	570,317	560,663
2007	45,581,258	27,548,661	18,032,597	90	1,734,197	1,864,694	2,002,711	1,565,247	1,132,303	1,159,811	966,100	603,000	623,855	636,147
2008	44,000,000	23,339,264	20,660,736	78	2,439,143	1,752,373	1,884,238	2,023,701	1,581,652	1,144,170	1,171,966	976,226	609,319	630,393
2009	43,000,000	19,392,312	23,607,688	66	2,918,851	2,442,461	1,754,756	1,886,801	2,026,453	1,583,804	1,145,726	1,173,560	977,554	610,148
2010	40,300,000	16,049,811	24,250,189	54	2,929,414	2,636,098	2,205,856	1,584,770	1,704,023	1,830,147	1,430,378	1,034,738	1,059,876	882,856
2011	45,900,000	13,233,669	32,666,331	42	3,992,821	3,463,749	3,116,931	2,608,212	1,873,838	2,014,843	2,163,973	1,691,284	1,223,478	1,253,201
2012	44,810,025	6,695,252	38,114,773	30	5,760,419	3,954,688	3,430,669	3,087,163	2,583,302	1,855,942	1,995,601	2,143,306	1,675,132	1,211,793
2013	47,800,000	2,792,773	45,007,227	18	6,121,766	5,876,896	4,034,652	3,500,038	3,149,586	2,635,537	1,893,470	2,035,952	2,186,644	1,709,003
1/1/14-6/30/14	23,950,000	45,078	23,904,922	6	1,872,142	2,996,842	2,876,968	1,975,119	1,713,404	1,541,844	1,290,197	926,927	996,677	1,070,447
Total:	1,283,408,818	877,451,270	405,957,548		49,121,018	44,832,530	40,360,057	36,996,741	33,326,068	29,993,955	27,033,934	23,677,519	19,827,412	16,972,316

Report Year Beginning 1/1	Ultimate Losses & ALAE ¹	Paid Loss & ALAE as of 6/30/14 ²	Estimated Unpaid as of 6/30/14	Development Age as of 6/30/14	Payment Year Beginning (Continued) ³									
					07/01/24	07/01/25	07/01/26	07/01/27	07/01/28	07/01/29	07/01/30	07/01/31	07/01/32	07/01/33
1994	18,414,580	17,114,534	1,300,046	246	-	-	-	-	-	-	-	-	-	-
1995	51,831,532	46,196,680	5,634,852	234	-	-	-	-	-	-	-	-	-	-
1996	65,250,000	57,063,979	8,186,021	222	-	-	-	-	-	-	-	-	-	-
1997	81,624,776	71,862,103	9,762,673	210	-	-	-	-	-	-	-	-	-	-
1998	116,000,000	100,871,362	15,128,638	198	-	-	-	-	-	-	-	-	-	-
1999	137,900,000	116,148,536	21,751,464	186	-	-	-	-	-	-	-	-	-	-
2000	83,900,000	68,862,615	15,037,385	174	-	-	-	-	-	-	-	-	-	-
2001	97,250,000	77,716,892	19,533,108	162	-	-	-	-	-	-	-	-	-	-
2002	78,538,808	61,243,293	17,295,515	150	1,869,619	-	-	-	-	-	-	-	-	-
2003	51,700,000	38,605,824	13,094,176	138	1,267,957	1,267,957	-	-	-	-	-	-	-	-
2004	71,640,937	50,671,790	20,969,147	126	1,774,847	1,774,847	1,774,847	-	-	-	-	-	-	-
2005	53,675,064	36,266,798	17,408,266	114	1,269,006	1,269,006	1,269,006	1,269,006	-	-	-	-	-	-
2006	40,341,838	25,730,044	14,611,794	102	816,253	943,289	943,289	943,289	943,289	-	-	-	-	-
2007	45,581,258	27,548,661	18,032,597	90	625,379	910,471	1,052,171	1,052,171	1,052,171	1,052,171	-	-	-	-
2008	44,000,000	23,339,264	20,660,736	78	642,815	631,934	920,014	1,063,198	1,063,198	1,063,198	1,063,198	-	-	-
2009	43,000,000	19,392,312	23,607,688	66	631,251	643,689	632,793	921,265	1,064,644	1,064,644	1,064,644	1,064,644	-	-
2010	40,300,000	16,049,811	24,250,189	54	551,042	570,101	581,334	571,493	832,021	961,510	961,510	961,510	961,510	-
2011	45,900,000	13,233,669	32,666,331	42	1,043,893	651,554	674,089	687,371	675,736	983,784	1,136,893	1,136,893	1,136,893	1,136,893
2012	44,810,025	6,695,252	38,114,773	30	1,241,232	1,033,923	645,332	667,651	680,807	669,282	974,389	1,126,036	1,126,036	1,126,036
2013	47,800,000	2,792,773	45,007,227	18	1,236,296	1,266,330	1,054,829	658,380	681,151	694,573	682,815	994,091	1,148,804	1,148,804
1/1/14-6/30/14	23,950,000	45,078	23,904,922	6	836,623	605,215	619,918	516,380	322,303	333,450	340,020	334,265	486,646	562,384
Total:	1,283,408,818	877,451,270	405,957,548	Total:	13,806,214	11,568,317	10,167,621	8,350,205	7,315,318	6,822,612	6,223,470	5,617,439	4,859,890	3,974,117

Check Totals	Unpaid at 6/30/2014	Paid 7/14 - 7/34	Unpaid at 7/1/24
Values per Payment Projections	405,957,548	400,846,752	5,110,797
Control (Per Pro Forma 10)			5,110,797

¹ From Pro Forma 12 with 2014 pro-rated for partial period.

² From Pro Forma 13.

³ Per Pro Forma 5 applied to (4).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Projected Loss & ALAE Payments for Report Years 7/01/14-15 and Subsequent

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Report Year Beginning 7/1	Ultimate Losses & ALAE ¹	Payment Year Beginning ²									
		07/01/14	07/01/15	07/01/16	07/01/17	07/01/18	07/01/19	07/01/20	07/01/21	07/01/22	07/01/23
2014	49,489,023	2,076,358	5,025,317	6,062,405	5,007,877	3,806,953	3,359,768	2,922,973	2,288,311	1,985,367	2,133,495
2015	50,823,427	-	2,132,344	5,160,817	6,225,870	5,142,907	3,909,603	3,450,359	3,001,787	2,350,012	2,038,900
2016	52,195,078	-	-	2,189,893	5,300,100	6,393,897	5,281,707	4,015,117	3,543,479	3,082,801	2,413,436
2017	53,605,064	-	-	-	2,249,051	5,443,276	6,566,620	5,424,386	4,123,580	3,639,202	3,166,079
2018	55,054,503	-	-	-	-	2,309,863	5,590,458	6,744,177	5,571,057	4,235,079	3,737,603
2019	56,544,550	-	-	-	-	-	2,372,379	5,741,764	6,926,707	5,721,837	4,349,701
2020	58,076,397	-	-	-	-	-	-	2,436,650	5,897,313	7,114,359	5,876,847
2021	59,651,268	-	-	-	-	-	-	-	2,502,725	6,057,232	7,307,280
2022	61,270,430	-	-	-	-	-	-	-	-	2,570,658	6,221,649
2023	62,935,186	-	-	-	-	-	-	-	-	-	2,640,505
2024	64,646,881	-	-	-	-	-	-	-	-	-	-
2025	66,406,901	-	-	-	-	-	-	-	-	-	-
2026	68,216,675	-	-	-	-	-	-	-	-	-	-
2027	70,077,678	-	-	-	-	-	-	-	-	-	-
2028	71,991,429	-	-	-	-	-	-	-	-	-	-
2029	73,959,497	-	-	-	-	-	-	-	-	-	-
2030	75,983,497	-	-	-	-	-	-	-	-	-	-
2031	78,065,098	-	-	-	-	-	-	-	-	-	-
2032	80,206,019	-	-	-	-	-	-	-	-	-	-
2033	82,408,035	-	-	-	-	-	-	-	-	-	-
Total:		2,076,358	7,157,661	13,413,116	18,782,898	23,096,897	27,080,535	30,735,424	33,854,960	36,756,547	39,885,495

Report Year Beginning 7/1	Ultimate Losses & ALAE ¹	Payment Year Beginning (Continued) ²									
		07/01/24	07/01/25	07/01/26	07/01/27	07/01/28	07/01/29	07/01/30	07/01/31	07/01/32	07/01/33
2014	49,489,023	1,968,302	1,488,132	1,264,469	1,172,781	865,611	676,807	695,094	695,935	847,268	1,082,712
2015	50,823,427	2,191,022	2,021,375	1,528,258	1,298,563	1,204,404	888,951	695,057	713,836	714,699	870,114
2016	52,195,078	2,093,927	2,250,155	2,075,929	1,569,503	1,333,610	1,236,909	912,942	713,815	733,101	733,988
2017	53,605,064	2,478,632	2,150,491	2,310,940	2,132,007	1,611,901	1,369,636	1,270,323	937,604	733,098	752,905
2018	55,054,503	3,251,687	2,545,652	2,208,639	2,373,426	2,189,655	1,655,486	1,406,669	1,304,671	962,956	752,920
2019	56,544,550	3,838,761	3,339,694	2,614,550	2,268,416	2,437,662	2,248,918	1,700,292	1,444,741	1,339,982	989,019
2020	58,076,397	4,467,539	3,942,757	3,430,169	2,685,381	2,329,869	2,503,701	2,309,843	1,746,354	1,483,880	1,376,283
2021	59,651,268	6,036,211	4,588,686	4,049,674	3,523,186	2,758,201	2,393,049	2,571,595	2,372,480	1,793,710	1,524,119
2022	61,270,430	7,505,628	6,200,057	4,713,240	4,159,597	3,618,819	2,833,069	2,458,005	2,641,397	2,436,878	1,842,398
2023	62,935,186	6,390,695	7,709,560	6,368,517	4,841,302	4,272,616	3,717,144	2,910,045	2,524,791	2,713,166	2,503,090
2024	64,646,881	2,712,320	6,564,507	7,919,243	6,541,726	4,972,975	4,388,822	3,818,242	2,989,192	2,593,460	2,786,958
2025	66,406,901	-	2,786,164	6,743,227	8,134,845	6,719,825	5,108,364	4,508,308	3,922,194	3,070,573	2,664,067
2026	68,216,675	-	-	2,862,094	6,926,999	8,356,543	6,902,959	5,247,582	4,631,172	4,029,085	3,154,255
2027	70,077,678	-	-	-	2,940,174	7,115,972	8,584,516	7,091,277	5,390,740	4,757,514	4,139,001
2028	71,991,429	-	-	-	-	3,020,468	7,310,302	8,818,950	7,284,933	5,537,955	4,887,437
2029	73,959,497	-	-	-	-	-	3,103,040	7,510,148	9,060,038	7,484,085	5,689,349
2030	75,983,497	-	-	-	-	-	-	3,187,959	7,715,673	9,307,978	7,688,897
2031	78,065,098	-	-	-	-	-	-	-	3,275,294	7,927,047	9,562,974
2032	80,206,019	-	-	-	-	-	-	-	-	3,365,119	8,144,445
2033	82,408,035	-	-	-	-	-	-	-	-	-	3,457,506
Total:		42,934,724	45,587,230	48,088,948	50,567,907	52,808,131	54,921,673	57,112,330	59,364,860	61,831,556	64,602,439

Check Totals	Paid Thru 7/01/2034	Unpaid at 7/01/2034	Total
Values per Payment Projections	770,659,688	520,946,949	1,291,606,637
Control (Sum of Ultimate Losses & ALAE)			1,291,606,637

¹ Based on Pro Forma 7, Columns (6) and (8).

² Per Pro Forma 6 applied to (2).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Projected Loss & ALAE Payout Percentages
For Unpaid Losses as of 6/30/2014

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Report Year Development Age	Payment Year Beginning									
	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22	7/1/23
270	1.000	-	-	-	-	-	-	-	-	-
258	0.500	0.500	-	-	-	-	-	-	-	-
246	0.333	0.333	0.333	-	-	-	-	-	-	-
234	0.250	0.250	0.250	0.250	-	-	-	-	-	-
222	0.178	0.206	0.206	0.206	0.206	-	-	-	-	-
210	0.109	0.158	0.183	0.183	0.183	0.183	-	-	-	-
198	0.100	0.098	0.143	0.165	0.165	0.165	0.165	-	-	-
186	0.089	0.091	0.089	0.130	0.150	0.150	0.150	0.150	-	-
174	0.079	0.082	0.084	0.082	0.120	0.138	0.138	0.138	0.138	-
162	0.113	0.070	0.073	0.074	0.073	0.106	0.123	0.123	0.123	0.123
150	0.119	0.099	0.062	0.064	0.065	0.064	0.094	0.108	0.108	0.108
138	0.104	0.107	0.089	0.055	0.057	0.059	0.058	0.084	0.097	0.097
126	0.126	0.091	0.093	0.078	0.049	0.050	0.051	0.050	0.073	0.085
114	0.139	0.108	0.078	0.080	0.067	0.042	0.043	0.044	0.043	0.063
102	0.114	0.123	0.096	0.069	0.071	0.059	0.037	0.038	0.039	0.038
90	0.096	0.103	0.111	0.087	0.063	0.064	0.054	0.033	0.035	0.035
78	0.118	0.085	0.091	0.098	0.077	0.055	0.057	0.047	0.029	0.031
66	0.124	0.103	0.074	0.080	0.086	0.067	0.049	0.050	0.041	0.026
54	0.121	0.109	0.091	0.065	0.070	0.075	0.059	0.043	0.044	0.036
42	0.122	0.106	0.095	0.080	0.057	0.062	0.066	0.052	0.037	0.038
30	0.151	0.104	0.090	0.081	0.068	0.049	0.052	0.056	0.044	0.032
18	0.136	0.131	0.090	0.078	0.070	0.059	0.042	0.045	0.049	0.038
6	0.078	0.125	0.120	0.083	0.072	0.064	0.054	0.039	0.042	0.045

Report Year Development Age	Payment Year Beginning (Continued)									
	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
270	-	-	-	-	-	-	-	-	-	-
258	-	-	-	-	-	-	-	-	-	-
246	-	-	-	-	-	-	-	-	-	-
234	-	-	-	-	-	-	-	-	-	-
222	-	-	-	-	-	-	-	-	-	-
210	-	-	-	-	-	-	-	-	-	-
198	-	-	-	-	-	-	-	-	-	-
186	-	-	-	-	-	-	-	-	-	-
174	-	-	-	-	-	-	-	-	-	-
162	-	-	-	-	-	-	-	-	-	-
150	0.108	-	-	-	-	-	-	-	-	-
138	0.097	0.097	-	-	-	-	-	-	-	-
126	0.085	0.085	0.085	-	-	-	-	-	-	-
114	0.073	0.073	0.073	0.073	-	-	-	-	-	-
102	0.056	0.065	0.065	0.065	0.065	-	-	-	-	-
90	0.035	0.050	0.058	0.058	0.058	0.058	-	-	-	-
78	0.031	0.031	0.045	0.051	0.051	0.051	0.051	-	-	-
66	0.027	0.027	0.027	0.039	0.045	0.045	0.045	0.045	-	-
54	0.023	0.024	0.024	0.024	0.034	0.040	0.040	0.040	0.040	-
42	0.032	0.020	0.021	0.021	0.021	0.030	0.035	0.035	0.035	0.035
30	0.033	0.027	0.017	0.018	0.018	0.018	0.026	0.030	0.030	0.030
18	0.027	0.028	0.023	0.015	0.015	0.015	0.015	0.022	0.026	0.026
6	0.035	0.025	0.026	0.022	0.013	0.014	0.014	0.014	0.020	0.024

Note: Percentages derived from payment pattern in Pro Forma 10.

Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Projected Loss & ALAE Payout Percentages
Incremental Payout Percentages for Report Years 2014/15 and Subsequent

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Payment Year Beginning										
Report Year Beginning 7/1:	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20	7/1/21	7/1/22	7/1/23
2014	0.042	0.102	0.123	0.101	0.077	0.068	0.059	0.046	0.040	0.043
2015	-	0.042	0.102	0.123	0.101	0.077	0.068	0.059	0.046	0.040
2016	-	-	0.042	0.102	0.123	0.101	0.077	0.068	0.059	0.046
2017	-	-	-	0.042	0.102	0.123	0.101	0.077	0.068	0.059
2018	-	-	-	-	0.042	0.102	0.123	0.101	0.077	0.068
2019	-	-	-	-	-	0.042	0.102	0.123	0.101	0.077
2020	-	-	-	-	-	-	0.042	0.102	0.123	0.101
2021	-	-	-	-	-	-	-	0.042	0.102	0.123
2022	-	-	-	-	-	-	-	-	0.042	0.102
2023	-	-	-	-	-	-	-	-	-	0.042
2024	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-

Payment Year Beginning (Continued)										
Report Year Beginning 7/1:	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
2014	0.040	0.030	0.026	0.024	0.017	0.014	0.014	0.014	0.017	0.022
2015	0.043	0.040	0.030	0.026	0.024	0.017	0.014	0.014	0.014	0.017
2016	0.040	0.043	0.040	0.030	0.026	0.024	0.017	0.014	0.014	0.014
2017	0.046	0.040	0.043	0.040	0.030	0.026	0.024	0.017	0.014	0.014
2018	0.059	0.046	0.040	0.043	0.040	0.030	0.026	0.024	0.017	0.014
2019	0.068	0.059	0.046	0.040	0.043	0.040	0.030	0.026	0.024	0.017
2020	0.077	0.068	0.059	0.046	0.040	0.043	0.040	0.030	0.026	0.024
2021	0.101	0.077	0.068	0.059	0.046	0.040	0.043	0.040	0.030	0.026
2022	0.123	0.101	0.077	0.068	0.059	0.046	0.040	0.043	0.040	0.030
2023	0.102	0.123	0.101	0.077	0.068	0.059	0.046	0.040	0.043	0.040
2024	0.042	0.102	0.123	0.101	0.077	0.068	0.059	0.046	0.040	0.043
2025	-	0.042	0.102	0.123	0.101	0.077	0.068	0.059	0.046	0.040
2026	-	-	0.042	0.102	0.123	0.101	0.077	0.068	0.059	0.046
2027	-	-	-	0.042	0.102	0.123	0.101	0.077	0.068	0.059
2028	-	-	-	-	0.042	0.102	0.123	0.101	0.077	0.068
2029	-	-	-	-	-	0.042	0.102	0.123	0.101	0.077
2030	-	-	-	-	-	-	0.042	0.102	0.123	0.101
2031	-	-	-	-	-	-	-	0.042	0.102	0.123
2032	-	-	-	-	-	-	-	-	0.042	0.102
2033	-	-	-	-	-	-	-	-	-	0.042

Note: Based on 12, 24, 36... payment pattern in Pro Forma 10.



Pennsylvania Insurance Department / Bureau of Special Funds **USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Projected Ultimate Loss & ALAE for July 1, 2014 Through June 30, 2034

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Policy Period	Projected Number of Tanks	Estimated Claim Frequency	Estimated Ultimate Claim Counts	Estimated Ultimate Loss Severity	Estimated Ultimate Loss	Estimated Ultimate ALAE Severity	Estimated Ultimate ALAE
7/1/14-15	23,558	0.0076	180	239,000	43,010,460	36,000	6,478,563
7/1/15-16	23,558	0.0076	180	244,975	44,085,722	37,440	6,737,706
7/1/16-17	23,558	0.0076	180	251,099	45,187,865	38,938	7,007,214
7/1/17-18	23,558	0.0076	180	257,377	46,317,561	40,495	7,287,502
7/1/18-19	23,558	0.0076	180	263,811	47,475,500	42,115	7,579,002
7/1/19-20	23,558	0.0076	180	270,407	48,662,388	43,800	7,882,163
7/1/20-21	23,558	0.0076	180	277,167	49,878,948	45,551	8,197,449
7/1/21-22	23,558	0.0076	180	284,096	51,125,921	47,374	8,525,347
7/1/22-23	23,558	0.0076	180	291,198	52,404,069	49,268	8,866,361
7/1/23-24	23,558	0.0076	180	298,478	53,714,171	51,239	9,221,015
7/1/24-25	23,558	0.0076	180	305,940	55,057,025	53,289	9,589,856
7/1/25-26	23,558	0.0076	180	313,589	56,433,451	55,420	9,973,450
7/1/26-27	23,558	0.0076	180	321,428	57,844,287	57,637	10,372,388
7/1/27-28	23,558	0.0076	180	329,464	59,290,394	59,943	10,787,284
7/1/28-29	23,558	0.0076	180	337,701	60,772,654	62,340	11,218,775
7/1/29-30	23,558	0.0076	180	346,143	62,291,971	64,834	11,667,526
7/1/30-31	23,558	0.0076	180	354,797	63,849,270	67,427	12,134,227
7/1/31-32	23,558	0.0076	180	363,667	65,445,502	70,124	12,619,596
7/1/32-33	23,558	0.0076	180	372,758	67,081,639	72,929	13,124,380
7/1/33-34	23,558	0.0076	180	382,077	68,758,680	75,847	13,649,355

- (2) Projected using number of tanks from Pro Forma 9 with a 0% annual growth rate.
- (3) Selected 2014/15 claim frequency from Pro Forma 8 trended to the midpoint of each policy period using a 0% trend rate from Pro Forma 9.
- (4) = (2) x (3)
- (5) Selected 2014/15 loss severity from Pro Forma 8 trended to the midpoint of each policy period using a 2.5% trend rate from Pro Forma 9.
- (6) = (4) x (5)
- (7) Selected 2014/15 ALAE severity from Pro Forma 8 trended to the midpoint of each policy period using a 4.0% trend rate from Pro Forma 9.
- (8) = (4) x (7)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
1/1/2015 Frequency & Severity Assumptions

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Policy Period	Ultimate Claim Frequency	Claim Frequency Trend Factor	1/1/2015 Trended Ult Claim Freq	Ultimate Loss Severity	Loss Severity Trend Factor	1/1/2015 Trended Ult Loss Severity	Ultimate ALAE Severity	ALAE Severity Trend Factor	1/1/2015 Trended Ult ALAE Severity
1994	-	1.0000	-	94,118	1.6590	156,139	14,203	2.2345	31,738
1995	0.0086	1.0000	0.0086	129,049	1.6185	208,867	4,194	2.1486	9,011
1996	0.0083	1.0000	0.0083	164,491	1.5790	259,737	5,875	2.0659	12,137
1997	0.0101	1.0000	0.0101	180,139	1.5405	277,507	8,371	1.9865	16,629
1998	0.0165	1.0000	0.0165	206,049	1.5029	309,681	13,233	1.9101	25,275
1999	0.0180	1.0000	0.0180	226,481	1.4663	332,087	13,763	1.8366	25,277
2000	0.0118	1.0000	0.0118	221,910	1.4305	317,448	13,764	1.7660	24,307
2001	0.0113	1.0000	0.0113	276,276	1.3956	385,581	15,766	1.6980	26,771
2002	0.0119	1.0000	0.0119	212,034	1.3616	288,705	13,005	1.6327	21,234
2003	0.0085	1.0000	0.0085	199,170	1.3284	264,575	15,353	1.5699	24,103
2004	0.0117	1.0000	0.0117	206,897	1.2960	268,135	17,683	1.5096	26,694
2005	0.0088	1.0000	0.0088	207,627	1.2644	262,519	19,810	1.4515	28,754
2006	0.0079	1.0000	0.0079	178,744	1.2335	220,488	16,144	1.3957	22,532
2007	0.0071	1.0000	0.0071	225,543	1.2035	271,431	22,181	1.3420	29,766
2008	0.0070	1.0000	0.0070	220,339	1.1741	258,700	28,249	1.2904	36,451
2009	0.0070	1.0000	0.0070	212,644	1.1455	243,576	34,483	1.2407	42,784
2010	0.0063	1.0000	0.0063	226,923	1.1175	253,592	31,410	1.1930	37,473
2011	0.0077	1.0000	0.0077	213,904	1.0903	233,213	31,551	1.1471	36,193
2012	0.0074	1.0000	0.0074	219,101	1.0637	233,053	32,641	1.1030	36,003
2013	0.0079	1.0000	0.0079	221,277	1.0377	229,626	32,979	1.0606	34,977
2014	0.0075	1.0000	0.0075	234,599	1.0124	237,514	34,880	1.0198	35,571
Average Last 3			0.0076			233,397			35,517
Average: 2011-2013			0.0076			231,964			35,725
Average: 2009-2013			0.0072			238,612			37,486
Average: 2008-2012			0.0071			244,427			37,781
Selected (Policy Year 2014/15)			0.0076			239,000			36,000

- (2) From Pro Forma 9.
 (3) Trended to January 1, 2015 using a 0% trend factor based on Pro Forma 9.
 (4) = (2) x (3)
 (5) From Pro Forma 9.
 (6) Trended to January 1, 2015 using a 2.5% trend factor based on Pro Forma 9.
 (7) = (5) x (6)
 (8) From Pro Forma 9.
 (9) Trended to January 1, 2015 using a 4.0% trend factor based on Pro Forma 9.
 (10) = (8) x (9)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Summary Statistics - Frequency and Severity Trend Selections

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Number of Tanks	Ultimate Counts	Ultimate Claim Frequency	Ultimate Claim Frequency % Change	Ultimate Losses	Ultimate Loss Severity	Ultimate Loss Severity % Change	Ultimate ALAE	Ultimate ALAE Severity	Ultimate ALAE Severity % Change
1994	-	170		-	16,000,000	94,118		2,414,580	14,203	
1995	45,452	389	0.0086		50,200,000	129,049	37.1%	1,631,532	4,194	-70.5%
1996	46,067	383	0.0083	-2.9%	63,000,000	164,491	27.5%	2,250,000	5,875	40.1%
1997	42,738	433	0.0101	21.9%	78,000,000	180,139	9.5%	3,624,776	8,371	42.5%
1998	32,104	529	0.0165	62.6%	109,000,000	206,049	14.4%	7,000,000	13,233	58.1%
1999	31,880	574	0.0180	9.3%	130,000,000	226,481	9.9%	7,900,000	13,763	4.0%
2000	30,099	356	0.0118	-34.3%	79,000,000	221,910	-2.0%	4,900,000	13,764	0.0%
2001	29,539	333	0.0113	-4.7%	92,000,000	276,276	24.5%	5,250,000	15,766	14.5%
2002	29,215	349	0.0119	6.0%	74,000,000	212,034	-23.3%	4,538,808	13,005	-17.5%
2003	28,311	241	0.0085	-28.7%	48,000,000	199,170	-6.1%	3,700,000	15,353	18.1%
2004	27,310	319	0.0117	37.2%	66,000,000	206,897	3.9%	5,640,937	17,683	15.2%
2005	26,890	236	0.0088	-24.9%	49,000,000	207,627	0.4%	4,675,064	19,810	12.0%
2006	26,305	207	0.0079	-10.3%	37,000,000	178,744	-13.9%	3,341,838	16,144	-18.5%
2007	25,760	184	0.0071	-9.2%	41,500,000	225,543	26.2%	4,081,258	22,181	37.4%
2008	25,408	177	0.0070	-2.5%	39,000,000	220,339	-2.3%	5,000,000	28,249	27.4%
2009	24,993	174	0.0070	-0.1%	37,000,000	212,644	-3.5%	6,000,000	34,483	22.1%
2010	24,745	156	0.0063	-9.4%	35,400,000	226,923	6.7%	4,900,000	31,410	-8.9%
2011	24,360	187	0.0077	21.8%	40,000,000	213,904	-5.7%	5,900,000	31,551	0.4%
2012	24,190	178	0.0074	-4.1%	39,000,000	219,101	2.4%	5,810,025	32,641	3.5%
2013	23,851	188	0.0079	7.1%	41,600,000	221,277	1.0%	6,200,000	32,979	1.0%
2014	23,558	178	0.0075	-4.3%	41,700,000	234,599	6.0%	6,200,000	34,880	5.8%
Indicated Trend - Latest 10 years (Excl. 2014)			-3.15%			1.13%			8.66%	
Indicated Trend - 2009 through 2013			4.11%			0.45%			-0.51%	
Indicated Trend - Latest 4 years			0.17%			2.91%			3.16%	
Selected				0.00%		2.50%			4.00%	

- (2) Provided by USTIF.
 (2) Estimates for 2012 through 2014
 (3) From Exhibit 7.
 (4) = (3) / (2)
 (5) Period-over-Period change in (4).
 (6) From Exhibit 2.
 (7) = (6) / (3)
 (8) Period-over-Period change in (7).
 (9) From Exhibit 8.
 (10) = (9) / (3)
 (11) Period-over-Period change in (10).

Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Estimated Payment Pattern

(1)	(2)	(3)	(4)	(5)	(6)
Maturity (Months)	Incremental Percentage Paid	Cumulative Percentage Paid	Maturity (Months)	Implied Incremental Percentage Paid	Interpolated Cumulative Percentage Paid
6	0.003	0.003	12	0.042	0.042
18	0.078	0.081	24	0.102	0.144
30	0.125	0.206	36	0.123	0.266
42	0.120	0.326	48	0.101	0.367
54	0.082	0.408	60	0.077	0.444
66	0.071	0.480	72	0.068	0.512
78	0.064	0.544	84	0.059	0.571
90	0.054	0.598	96	0.046	0.617
102	0.039	0.637	108	0.040	0.657
114	0.042	0.678	120	0.043	0.701
126	0.045	0.723	132	0.040	0.740
138	0.035	0.758	144	0.030	0.770
150	0.025	0.783	156	0.026	0.796
162	0.026	0.809	168	0.024	0.820
174	0.022	0.830	180	0.017	0.837
186	0.013	0.844	192	0.014	0.851
198	0.014	0.858	204	0.014	0.865
210	0.014	0.872	216	0.014	0.879
222	0.014	0.886	228	0.017	0.896
234	0.020	0.906	240	0.022	0.918
246	0.023	0.930	252	0.023	0.941
258	0.023	0.953	264	0.023	0.965
270	0.023	0.977	276	0.023	0.988
282	0.023	1.000	288	0.012	1.000

(2) Based on (3).

(3) From Pro Forma 11.

(5) Based on (6).

(6) Interpolated based on (3).



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Estimated Payment Pattern

	Paid Loss & ALAE Combined ¹																			Estimated Ultimate Loss & ALAE ²	
	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	
1994	26,549	1,112,976	2,719,186	4,236,228	5,285,263	5,939,452	7,482,553	8,564,703	9,477,406	10,350,474	11,252,051	12,195,614	13,032,291	13,588,994	15,314,938	15,709,728	16,081,707	16,385,041	16,710,120	16,960,856	1994
1995	80,363	4,087,859	9,026,123	12,185,081	14,744,313	17,944,081	20,821,180	23,888,062	26,748,044	29,137,306	31,472,990	33,896,880	35,887,456	38,745,968	40,517,288	41,928,197	43,374,296	44,481,220	45,385,418	46,196,680	1995
1996	378,046	5,783,162	11,263,295	16,306,452	19,975,004	24,322,249	28,142,300	32,003,679	35,417,055	38,907,164	42,353,199	45,938,695	48,600,915	50,742,846	51,890,402	53,594,529	54,785,046	56,072,528	57,063,979		1996
1997	815,371	7,875,779	14,759,242	21,017,720	27,585,532	33,585,170	39,449,251	46,062,610	50,123,154	54,060,367	57,548,621	61,182,809	63,893,939	66,393,267	68,349,233	69,868,218	70,984,001	71,862,103			1997
1998	669,532	12,642,059	22,085,159	30,767,672	40,238,127	49,458,358	57,111,018	64,772,688	72,443,459	78,531,873	84,457,462	88,187,040	91,693,377	95,304,283	96,878,133	99,266,936	100,871,362				1998
1999	995,206	10,809,677	24,747,463	37,178,409	49,219,242	60,182,300	69,633,767	78,161,811	85,782,496	92,972,886	100,362,130	105,081,248	108,548,127	111,624,317	114,222,172	116,148,536					1999
2000	1,575,214	8,024,820	18,347,170	25,954,735	33,207,452	40,522,360	47,051,556	52,057,715	55,960,339	59,329,017	62,243,765	64,238,729	66,072,476	67,559,301	68,862,615						2000
2001	809,903	8,376,286	18,477,080	27,605,858	36,928,114	45,163,118	52,263,847	57,451,754	62,131,654	66,554,758	70,330,364	73,282,030	75,362,419	77,716,892							2001
2002	228,084	7,089,086	14,710,589	22,931,509	29,928,074	36,856,750	42,864,181	48,268,099	51,710,816	54,527,228	57,198,053	59,243,525	61,243,293								2002
2003	177,897	4,463,156	10,291,790	16,163,904	20,582,941	24,137,086	27,631,165	30,336,428	32,578,695	34,550,206	36,432,952	38,605,824									2003
2004	63,928	4,311,757	11,180,929	22,285,037	28,765,844	34,380,616	39,561,793	43,569,545	46,170,063	48,330,253	50,671,790										2004
2005	130,235	3,786,862	11,254,927	16,559,163	21,328,424	25,239,777	28,461,416	31,678,759	34,037,639	36,266,798											2005
2006	109,170	3,897,217	8,765,680	12,988,017	16,383,871	19,560,516	21,949,600	24,098,011	25,730,044												2006
2007	291,760	5,926,828	11,734,761	16,555,350	20,335,786	23,018,153	25,579,250	27,548,661													2007
2008	484,494	5,678,249	11,263,155	15,406,021	18,424,323	21,277,327	23,339,264														2008
2009	303,418	5,221,079	10,432,624	13,860,316	16,792,828	19,392,312															2009
2010	291,417	4,356,960	9,143,406	13,084,953	16,049,811																2010
2011	176,467	3,575,459	8,567,729	13,233,669																	2011
2012	72,256	2,846,016	6,695,252																		2012
2013	74,932	2,792,773																			2013
2014	45,078																				2014
	Paid Loss & ALAE to Ultimate Loss & ALAE ²																				
	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	
1994	0.001	0.060	0.148	0.230	0.287	0.323	0.406	0.465	0.515	0.562	0.611	0.662	0.708	0.738	0.832	0.853	0.873	0.890	0.907	0.921	
1995	0.002	0.079	0.174	0.235	0.284	0.346	0.402	0.461	0.516	0.562	0.607	0.654	0.692	0.748	0.782	0.809	0.837	0.858	0.876	0.891	
1996	0.006	0.089	0.173	0.250	0.306	0.373	0.431	0.490	0.543	0.596	0.649	0.704	0.745	0.778	0.795	0.821	0.840	0.859	0.875		
1997	0.010	0.096	0.181	0.257	0.338	0.411	0.483	0.564	0.614	0.662	0.705	0.750	0.783	0.813	0.837	0.856	0.869	0.880			
1998	0.006	0.109	0.190	0.265	0.347	0.426	0.492	0.558	0.625	0.677	0.728	0.760	0.790	0.822	0.835	0.856	0.870				
1999	0.007	0.078	0.179	0.270	0.357	0.436	0.505	0.567	0.622	0.674	0.728	0.762	0.787	0.809	0.828	0.842					
2000	0.019	0.096	0.219	0.309	0.396	0.483	0.561	0.620	0.667	0.707	0.742	0.766	0.788	0.805	0.821						
2001	0.008	0.086	0.190	0.284	0.380	0.464	0.537	0.591	0.639	0.684	0.723	0.754	0.775	0.799							
2002	0.003	0.090	0.187	0.292	0.381	0.469	0.546	0.615	0.658	0.694	0.728	0.754	0.780								
2003	0.003	0.086	0.199	0.313	0.398	0.467	0.534	0.587	0.630	0.668	0.705	0.747									
2004	0.001	0.060	0.156	0.311	0.402	0.480	0.552	0.608	0.644	0.675											
2005	0.002	0.071	0.210	0.309	0.397	0.470	0.530	0.590	0.634	0.676											
2006	0.003	0.097	0.217	0.322	0.406	0.485	0.544	0.597	0.638												
2007	0.006	0.130	0.257	0.363	0.446	0.505	0.561	0.604													
2008	0.011	0.129	0.256	0.350	0.419	0.484	0.530														
2009	0.007	0.121	0.243	0.322	0.391	0.451															
2010	0.007	0.108	0.227	0.325	0.398																
2011	0.004	0.078	0.187	0.288																	
2012	0.002	0.064	0.149																		
2013	0.002	0.058																			
2014	0.001																				
average	0.005	0.089	0.197	0.294	0.373	0.442	0.508	0.566	0.611	0.653	0.694	0.731	0.761	0.789	0.819	0.840	0.858	0.872	0.886	0.906	
last 4 avg	0.002	0.077	0.201	0.321	0.413	0.481	0.541	0.600	0.637	0.678	0.716	0.755	0.782	0.809	0.830	0.844	0.854	0.872			
last 4 wld avg	0.003	0.085	0.211	0.330	0.413	0.479	0.544	0.598	0.643	0.681	0.723	0.758	0.785	0.810	0.826	0.841	0.859				
last 3 avg	0.001	0.067	0.188	0.312	0.403	0.480	0.545	0.597	0.639	0.673	0.713	0.752	0.781	0.805	0.828	0.851	0.860	0.866	0.886		
last 2 avg	0.001	0.061	0.168	0.307	0.394	0.467	0.546	0.601	0.636	0.675	0.706	0.751	0.777	0.802	0.825	0.849	0.869	0.870	0.875	0.906	
Prior Selected	0.003	0.086	0.213	0.305	0.384	0.460	0.520	0.580	0.627	0.662	0.712	0.747	0.775	0.805	0.814	0.836	0.852	0.867	0.893		
Selected	0.003	0.081	0.206	0.326	0.408	0.480	0.544	0.598	0.637	0.678	0.723	0.758	0.783	0.809	0.830	0.844	0.858	0.872	0.886	0.906	

¹ Based on Exhibit 13 and Exhibit 15.

² From Pro Forma 12



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Summary of Estimated Ultimate Loss & ALAE**

(1)	(2)	(3)	(4)
Policy Period	Estimated Ultimate Loss	Estimated Ultimate ALAE	Estimated Ultimate Loss & ALAE
1994	16,000,000	2,414,580	18,414,580
1995	50,200,000	1,631,532	51,831,532
1996	63,000,000	2,250,000	65,250,000
1997	78,000,000	3,624,776	81,624,776
1998	109,000,000	7,000,000	116,000,000
1999	130,000,000	7,900,000	137,900,000
2000	79,000,000	4,900,000	83,900,000
2001	92,000,000	5,250,000	97,250,000
2002	74,000,000	4,538,808	78,538,808
2003	48,000,000	3,700,000	51,700,000
2004	66,000,000	5,640,937	71,640,937
2005	49,000,000	4,675,064	53,675,064
2006	37,000,000	3,341,838	40,341,838
2007	41,500,000	4,081,258	45,581,258
2008	39,000,000	5,000,000	44,000,000
2009	37,000,000	6,000,000	43,000,000
2010	35,400,000	4,900,000	40,300,000
2011	40,000,000	5,900,000	45,900,000
2012	39,000,000	5,810,025	44,810,025
2013	41,600,000	6,200,000	47,800,000
2014	41,700,000	6,200,000	47,900,000
Total	1,206,400,000	100,958,818	1,307,358,818

(2) From Exhibit 2

(3) From Exhibit 8

(4) = (2) + (3)

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Paid Loss & ALAE**

(1)	(2)	(3)	(4)
Policy Period	Paid Loss	Paid ALAE	Paid Loss & ALAE Combined
1994	14,869,562	2,244,972	17,114,534
1995	44,946,066	1,250,614	46,196,680
1996	55,444,200	1,619,779	57,063,979
1997	69,178,746	2,683,357	71,862,103
1998	95,570,766	5,300,596	100,871,362
1999	110,731,278	5,417,258	116,148,536
2000	65,704,827	3,157,788	68,862,615
2001	74,867,706	2,849,186	77,716,892
2002	58,869,045	2,374,248	61,243,293
2003	36,658,575	1,947,249	38,605,824
2004	47,890,506	2,781,284	50,671,790
2005	34,085,699	2,181,099	36,266,798
2006	24,402,666	1,327,378	25,730,044
2007	25,985,907	1,562,754	27,548,661
2008	21,766,022	1,573,242	23,339,264
2009	17,754,547	1,637,765	19,392,312
2010	15,011,077	1,038,734	16,049,811
2011	12,186,582	1,047,087	13,233,669
2012	6,055,027	640,225	6,695,252
2013	2,551,333	241,440	2,792,773
2014	14,340	30,738	45,078
Total	834,544,477	42,906,793	877,451,270

(2) From Exhibit 25

(3) From Exhibit 25

(4) = (2) + (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Estimated Unpaid Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Policy Period	Estimated Ultimate Loss	Paid Loss	Case Reserve	Case Incurred Loss	Estimated IBNR	Estimated Unpaid Loss
1994	16,000,000	14,869,562	298,587	15,168,149	831,851	1,130,438
1995	50,200,000	44,946,066	3,273,086	48,219,152	1,980,848	5,253,934
1996	63,000,000	55,444,200	3,987,259	59,431,459	3,568,541	7,555,800
1997	78,000,000	69,178,746	2,300,790	71,479,536	6,520,464	8,821,254
1998	109,000,000	95,570,766	4,022,215	99,592,981	9,407,019	13,429,234
1999	130,000,000	110,731,278	6,603,106	117,334,384	12,665,616	19,268,722
2000	79,000,000	65,704,827	3,381,535	69,086,362	9,913,638	13,295,173
2001	92,000,000	74,867,706	5,832,564	80,700,270	11,299,730	17,132,294
2002	74,000,000	58,869,045	6,094,170	64,963,215	9,036,785	15,130,955
2003	48,000,000	36,658,575	4,583,694	41,242,269	6,757,731	11,341,425
2004	66,000,000	47,890,506	7,839,705	55,730,211	10,269,789	18,109,494
2005	49,000,000	34,085,699	5,317,503	39,403,202	9,596,798	14,914,301
2006	37,000,000	24,402,666	4,225,723	28,628,389	8,371,611	12,597,334
2007	41,500,000	25,985,907	4,197,539	30,183,446	11,316,554	15,514,093
2008	39,000,000	21,766,022	4,424,468	26,190,490	12,809,510	17,233,978
2009	37,000,000	17,754,547	5,468,285	23,222,832	13,777,168	19,245,453
2010	35,400,000	15,011,077	5,817,415	20,828,492	14,571,508	20,388,923
2011	40,000,000	12,186,582	7,143,306	19,329,888	20,670,112	27,813,418
2012	39,000,000	6,055,027	8,735,313	14,790,340	24,209,660	32,944,973
2013	41,600,000	2,551,333	14,285,651	16,836,984	24,763,016	39,048,667
1/1/2014-6/30/2014	20,850,000 ¹	14,340	8,010,660	8,025,000	12,825,000	20,835,660
Total	1,185,550,000	834,544,477	115,842,574	950,387,051	235,162,949	351,005,523

(2) From Exhibit 2

(3) From Exhibit 25

(4) From Exhibit 25

(5) = (3) + (4)

(6) = (2) - (5)

(7) = (4) + (6)

¹ 2014 estimate from Exhibit 2 multiplied by 50% to estimate the ultimate loss for 1/1/14-6/30/14.

USTIF Analysis Exhibits_2014_(11-21-2014).xlsm Exhibit 1 (a)

11/21/2014 3:01 PM



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Estimated Unpaid ALAE**

(1)	(2)	(3)	(4)
Policy Period	Estimated Ultimate ALAE	Paid ALAE	Estimated Unpaid ALAE
1994	2,414,580	2,244,972	169,608
1995	1,631,532	1,250,614	380,918
1996	2,250,000	1,619,779	630,221
1997	3,624,776	2,683,357	941,419
1998	7,000,000	5,300,596	1,699,404
1999	7,900,000	5,417,258	2,482,742
2000	4,900,000	3,157,788	1,742,212
2001	5,250,000	2,849,186	2,400,814
2002	4,538,808	2,374,248	2,164,560
2003	3,700,000	1,947,249	1,752,751
2004	5,640,937	2,781,284	2,859,653
2005	4,675,064	2,181,099	2,493,965
2006	3,341,838	1,327,378	2,014,460
2007	4,081,258	1,562,754	2,518,504
2008	5,000,000	1,573,242	3,426,758
2009	6,000,000	1,637,765	4,362,235
2010	4,900,000	1,038,734	3,861,266
2011	5,900,000	1,047,087	4,852,913
2012	5,810,025	640,225	5,169,800
2013	6,200,000	241,440	5,958,560
1/1/2014-6/30/2014	3,100,000 ¹	30,738	3,069,262
Total	97,858,818	42,906,793	54,952,025

(2) From Exhibit 8
(3) From Exhibit 25
(4) = (2) - (3)

¹ 2014 estimate from Exhibit 8 multiplied by 50% to estimate the ultimate ALAE for 1/1/14-6/30/14.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Estimated Ultimate Loss

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Ultimate Loss Indications								
Policy Period	Paid Loss	Incurred Loss	Incurred Loss Loss Development Method	Paid Loss Loss Development Method	Frequency/Severity Method	Incurred Loss Cape Cod Method	Paid Loss Cape Cod Method	Selected Ultimate Loss
1994	14,869,562	15,168,149	15,700,589	15,876,647	15,787,252	16,062,025	16,537,596	16,000,000
1995	44,946,066	48,219,152	50,460,794	48,710,022	49,600,718	51,025,578	49,816,378	50,200,000
1996	55,444,200	59,431,459	62,878,484	60,988,620	61,951,943	63,046,581	61,440,611	63,000,000
1997	69,178,746	71,479,536	76,381,603	77,618,553	76,984,996	76,541,581	77,794,855	78,000,000
1998	95,570,766	99,592,981	107,487,298	109,375,007	108,403,490	107,074,224	108,525,680	109,000,000
1999	110,731,278	117,334,384	127,901,338	129,513,260	128,678,923	126,923,705	127,726,089	130,000,000
2000	65,704,827	69,086,362	76,061,255	78,649,303	77,301,191	75,947,084	78,161,051	79,000,000
2001	74,867,706	80,700,270	89,913,864	91,857,790	90,839,010	88,156,370	88,489,622	92,000,000
2002	58,869,045	64,963,215	73,610,563	74,467,560	74,015,500	74,663,370	76,379,964	74,000,000
2003	36,658,575	41,242,269	47,526,533	47,809,519	47,659,282	47,110,155	47,436,522	48,000,000
2004	47,890,506	55,730,211	65,634,951	65,456,006	65,552,126	64,796,438	64,733,815	66,000,000
2005	34,085,699	39,403,202	47,566,353	49,056,963	48,246,304	47,123,908	48,550,599	49,000,000
2006	24,402,666	28,628,389	35,457,868	37,172,657	36,226,865	36,285,335	38,931,440	37,000,000
2007	25,985,907	30,183,446	38,505,410	42,355,322	40,195,698	37,935,698	40,901,400	41,500,000
2008	21,766,022	26,190,490	35,249,179	38,918,474	36,824,978	35,134,047	38,434,182	39,000,000
2009	17,754,547	23,222,832	33,286,657	35,714,030	34,800,000	33,618,002	36,719,590	37,000,000
2010	15,011,077	20,828,492	31,347,443	35,268,254	32,136,000	31,203,744	34,709,019	35,400,000
2011	12,186,582	19,329,888	30,546,604	35,503,871	39,677,660	32,894,152	39,390,250	40,000,000
2012	6,055,027	14,790,340	25,710,140	25,578,665	38,901,081	29,753,890	36,428,066	39,000,000
2013	2,551,333	16,836,984	29,706,851	24,142,206	42,319,131	33,191,834	40,898,364	41,600,000
2014	14,340	8,025,000	27,610,354	6,784,674	41,212,193	34,103,196	41,682,909	41,700,000
Total	834,544,477	950,387,051	1,128,544,129	1,130,817,402	1,187,314,342	1,142,590,915	1,193,687,999	1,206,400,000

(2) & (3) From Exhibit 25

(4) From Exhibit 4-1

(5) From Exhibit 4-2

(6) From Exhibit 3

(7) From Exhibit 5

(8) From Exhibit 6

(9) Selected judgmentally.

(9) Considers data treatment of Post Remedial Care (PRC) costs. See the text for more details and Exhibit 29 for a data summary.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Frequency / Severity Method

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Policy Period	Estimated Ultimate Claims Counts	Indicated Avg. Severity per Incurred LDF Method	Indicated Avg. Severity per Paid LDF Method	Indicated Weighted Average Severity	Selected Severity	Estimated Ultimate Loss
1994	170	92,356	93,392	92,866	92,866	15,787,252
1995	389	129,719	125,219	127,508	127,508	49,600,718
1996	383	164,174	159,239	161,754	161,754	61,951,943
1997	433	176,401	179,258	177,794	177,794	76,984,996
1998	529	203,190	206,758	204,922	204,922	108,403,490
1999	574	222,825	225,633	224,179	224,179	128,678,923
2000	356	213,655	220,925	217,138	217,138	77,301,191
2001	333	270,012	275,849	272,790	272,790	90,839,010
2002	349	210,919	213,374	212,079	212,079	74,015,500
2003	241	197,206	198,380	197,756	197,756	47,659,282
2004	319	205,752	205,191	205,493	205,493	65,552,126
2005	236	201,552	207,868	204,433	204,433	48,246,304
2006	207	171,294	179,578	175,009	175,009	36,226,865
2007	184	209,269	230,192	218,455	218,455	40,195,698
2008	177	199,148	219,878	208,051	208,051	36,824,978
2009	174	191,303	205,253	197,107	200,000	34,800,000
2010	156	200,945	226,079	210,759	206,000	32,136,000
2011	187	163,351	189,860	172,673	212,180	39,677,660
2012	178	144,439	143,700	144,224	218,545	38,901,081
2013	188	158,015	128,416	153,363	225,102	42,319,131
2014	178	155,333	38,170	154,487	231,855	41,212,193
Total	5,941				4,193,910	1,187,314,342

(2) From Exhibit 7
 (3) and (4) From Exhibit 4-1 and Exhibit 4-2
 (5) = Weighted average of (3) and (4) with weights inversely proportional to the cumulative loss development factor under each method.
 (6) Selected
 (7) = (2) x (6)

Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Incurred Loss Development

(1)	(2)	(3)	(4)
Policy Period	Incurred Loss	Cumulative Incurred Loss Development Factor	Estimated Ultimate Loss
1994	15,168,149	1.035	15,700,589
1995	48,219,152	1.046	50,460,794
1996	59,431,459	1.058	62,878,484
1997	71,479,536	1.069	76,381,603
1998	99,592,981	1.079	107,487,298
1999	117,334,384	1.090	127,901,338
2000	69,086,362	1.101	76,061,255
2001	80,700,270	1.114	89,913,864
2002	64,963,215	1.133	73,610,563
2003	41,242,269	1.152	47,526,533
2004	55,730,211	1.178	65,634,951
2005	39,403,202	1.207	47,566,353
2006	28,628,389	1.239	35,457,868
2007	30,183,446	1.276	38,505,410
2008	26,190,490	1.346	35,249,179
2009	23,222,832	1.433	33,286,657
2010	20,828,492	1.505	31,347,443
2011	19,329,888	1.580	30,546,604
2012	14,790,340	1.738	25,710,140
2013	16,836,984	1.764	29,706,851
2014	8,025,000	3.441	27,610,354
Total	950,387,051		1,128,544,129

(2) From Exhibit 25

(3) From Exhibit 11

(4) = (2) x (3)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Paid Loss Development Method**

(1)	(2)	(3)	(4)
Policy Period	Paid Loss	Cumulative Paid Loss Development Factor	Estimated Ultimate Loss
1994	14,869,562	1.068	15,876,647
1995	44,946,066	1.084	48,710,022
1996	55,444,200	1.100	60,988,620
1997	69,178,746	1.122	77,618,553
1998	95,570,766	1.144	109,375,007
1999	110,731,278	1.170	129,513,260
2000	65,704,827	1.197	78,649,303
2001	74,867,706	1.227	91,857,790
2002	58,869,045	1.265	74,467,560
2003	36,658,575	1.304	47,809,519
2004	47,890,506	1.367	65,456,006
2005	34,085,699	1.439	49,056,963
2006	24,402,666	1.523	37,172,657
2007	25,985,907	1.630	42,355,322
2008	21,766,022	1.788	38,918,474
2009	17,754,547	2.012	35,714,030
2010	15,011,077	2.349	35,268,254
2011	12,186,582	2.913	35,503,871
2012	6,055,027	4.224	25,578,665
2013	2,551,333	9.463	24,142,206
2014	14,340	473.129	6,784,674
Total	834,544,477		1,130,817,402

(2) From Exhibit 25

(3) From Exhibit 11

(4) = (2) x (3)

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Generalized Cape Cod Method - Reported Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Ultimate Claim Counts	Trend Index	Age-to-Ultimate LDF (Reported Loss)	Portion of Ultimate Loss Reported	Cumulative Reported Loss at 6/30/2014	Trended Developed Loss to Exposure Ratio	Trended Expected Loss to Exposure Ratio	Expected Ultimate Loss	Estimated IBNR Losses	Estimated Ultimate Indemnity Losses
1994	170	1.914	1.035	96.6%	15,168,149	176,814	296,841	26,358,608	893,876	16,062,025
1995	389	1.859	1.046	95.6%	48,219,152	241,111	301,860	63,174,436	2,806,426	51,025,578
1996	383	1.805	1.058	94.5%	59,431,459	296,264	310,712	65,944,814	3,615,122	63,046,581
1997	433	1.752	1.069	93.6%	71,479,536	309,058	319,144	78,874,302	5,062,045	76,541,581
1998	529	1.701	1.079	92.7%	99,592,981	345,623	327,538	101,862,973	7,481,243	107,074,224
1999	574	1.651	1.090	91.7%	117,334,384	367,983	333,938	116,068,166	9,589,321	126,923,705
2000	356	1.603	1.101	90.8%	69,086,362	342,563	336,956	74,816,219	6,860,722	75,947,084
2001	333	1.557	1.114	89.8%	80,700,270	420,312	340,138	72,762,781	7,456,100	88,156,370
2002	349	1.426	1.133	88.3%	64,963,215	300,719	337,332	82,572,586	9,700,155	74,663,370
2003	241	1.384	1.152	86.8%	41,242,269	272,979	254,892	44,377,558	5,867,886	47,110,155
2004	319	1.344	1.178	84.9%	55,730,211	276,514	253,105	60,078,447	9,066,227	64,796,438
2005	236	1.305	1.207	82.8%	39,403,202	262,980	248,726	44,988,241	7,720,706	47,123,908
2006	207	1.267	1.239	80.7%	28,628,389	216,990	243,281	39,753,985	7,656,946	36,285,335
2007	184	1.230	1.276	78.4%	30,183,446	257,374	239,754	35,869,376	7,752,252	37,935,698
2008	177	1.194	1.346	74.3%	26,190,490	237,793	234,771	34,801,174	8,943,557	35,134,047
2009	174	1.159	1.433	69.8%	23,222,832	221,772	229,074	34,382,599	10,395,170	33,618,002
2010	156	1.126	1.505	66.4%	20,828,492	226,166	223,076	30,919,207	10,375,252	31,203,744
2011	187	1.093	1.580	63.3%	19,329,888	178,498	215,856	36,939,706	13,564,264	32,894,152
2012	178	1.061	1.738	57.5%	14,790,340	153,235	209,980	35,230,954	14,963,550	29,753,890
2013	188	1.030	1.764	56.7%	16,836,984	162,756	206,828	37,751,057	16,354,850	33,191,834
2014	178	1.000	3.441	29.1%	8,025,000	155,333	206,828	36,763,606	26,078,196	34,103,196
Total	5,941				950,387,051			1,154,290,795	192,203,864	1,142,590,915
Control	5,941				950,387,051					

Notes

- (2) From Exhibit 7
- (4) From Exhibit 11
- (5) $1.0 \div (4)$
- (6) From Exhibit 25
- (7) $[(6) \times (3) \div ((2) \times (5))]$
- (3) Trend Rate =

3.00%

- (3) ILF \$1.5mln to \$1mln =

1.06

- (3) The annual aggregate loss limit was \$1mln for 2001 and prior, \$3mln thereafter.
- (8) CC Decay Factor =

0.80

- (8) Separate calculations are performed for each period (before 2003, after 2002)
- (9) $(8) \times ((2) \div (3))$
- (10) $(9) \times (1 - (5))$
- (11) $(6) + (10)$



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Generalized Cape Cod Method - Paid Loss

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Ultimate Claim Counts	Trend Index	Age-to-Ultimate LDF (Paid Loss)	Portion of Ultimate Loss Paid	Cumulative Paid Loss at 6/30/2014	Trended Developed Loss to Exposure Ratio	Trended Expected Loss to Exposure Ratio	Expected Ultimate Loss	Estimated Unpaid Loss	Estimated Ultimate Loss
1994	170	1.914	1.068	93.7%	14,869,562	178,797	296,141	26,296,481	1,668,034	16,537,596
1995	389	1.859	1.084	92.3%	44,946,066	232,746	301,158	63,027,565	4,870,312	49,816,378
1996	383	1.805	1.100	90.9%	55,444,200	287,360	310,786	65,960,516	5,996,411	61,440,611
1997	433	1.752	1.122	89.1%	69,178,746	314,063	320,623	79,239,954	8,616,109	77,794,855
1998	529	1.701	1.144	87.4%	95,570,766	351,693	330,055	102,645,536	12,954,914	108,525,680
1999	574	1.651	1.170	85.5%	110,731,278	372,620	337,164	117,189,622	16,994,811	127,726,089
2000	356	1.603	1.197	83.5%	65,704,827	354,219	340,858	75,682,738	12,456,224	78,161,051
2001	333	1.557	1.227	81.5%	74,867,706	429,400	344,274	73,647,609	13,621,916	88,489,622
2002	349	1.426	1.265	79.1%	58,869,045	304,220	341,518	83,597,408	17,510,919	76,379,964
2003	241	1.384	1.304	76.7%	36,658,575	274,604	265,419	46,210,298	10,777,947	47,436,522
2004	319	1.344	1.367	73.2%	47,890,506	275,760	264,422	62,764,834	16,843,309	64,733,815
2005	236	1.305	1.439	69.5%	34,085,699	271,221	262,048	47,397,739	14,464,900	48,550,599
2006	207	1.267	1.523	65.6%	24,402,666	227,484	258,815	42,292,367	14,528,774	38,931,440
2007	184	1.230	1.630	61.4%	25,985,907	283,107	257,962	38,593,346	14,915,493	40,901,400
2008	177	1.194	1.788	55.9%	21,766,022	262,546	255,133	37,819,628	16,668,160	38,434,182
2009	174	1.159	2.012	49.7%	17,754,547	237,945	251,267	37,713,676	18,965,043	36,719,590
2010	156	1.126	2.349	42.6%	15,011,077	254,453	247,429	34,294,612	19,697,942	34,709,019
2011	187	1.093	2.913	34.3%	12,186,582	207,465	242,044	41,421,433	27,203,668	39,390,250
2012	178	1.061	4.224	23.7%	6,055,027	152,452	237,170	39,792,880	30,373,039	36,428,066
2013	188	1.030	9.463	10.6%	2,551,333	132,268	234,919	42,878,392	38,347,031	40,898,364
2014	178	1.000	473.129	0.2%	14,340	38,170	234,919	41,756,826	41,668,569	41,682,909
Total	5,941				834,544,477			1,200,223,460	359,143,522	1,193,687,999
Control	5,941				834,544,477					

Notes

- (2) From Exhibit 7
(4) From Exhibit 11
(5) 1.0 ÷ (4)
(6) From Exhibit 25
(7) [(6)^(3) ÷ ((2)^(5))]

- (3) Trend Rate = 3.00%
(3) ILF \$1.5mln to \$1mln = 1.06
(8) CC Decay Factor = 0.80
(8) Separate calculations are performed for each period (before 2003, after 2002)
(9) (8) × ((2) ÷ (3))
(10) (9) × (1 - (5))
(11) (6) + (10)

Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Estimated Ultimate Number of Claims

(1)	(2)	(3)	(4)
Policy Period	Reported Claim Counts	Cumulative Reported Claim Count Development Factor	Estimated Ultimate Claims Counts
1994	170	1.000	170
1995	389	1.000	389
1996	383	1.000	383
1997	433	1.000	433
1998	529	1.000	529
1999	574	1.000	574
2000	356	1.000	356
2001	333	1.000	333
2002	349	1.000	349
2003	241	1.000	241
2004	319	1.000	319
2005	236	1.000	236
2006	207	1.000	207
2007	184	1.000	184
2008	177	1.000	177
2009	174	1.000	174
2010	156	1.000	156
2011	187	1.000	187
2012	178	1.000	178
2013	188	1.000	188
2014	79	2.250	178
Total	5,842		5,941

(2) From Exhibit 27

(3) From Exhibit 11

(4) = (2) x (3)

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Estimated Ultimate ALAE**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Policy Period	Paid ALAE	Ultimate ALAE Indications			Selected Ultimate ALAE	Estimated Ultimate Loss	Estimated ALAE Ratio
		Paid ALAE Development Method	Paid ALAE Cape Cod Method- Exposure Base 1	Paid ALAE Cape Cod Method- Exposure Base 2			
1994	2,244,972	2,414,580	2,335,868	2,361,626	2,414,580	16,000,000	0.151
1995	1,250,614	1,378,726	1,631,532	1,617,846	1,631,532	50,200,000	0.033
1996	1,619,779	1,830,350	2,217,390	2,085,340	2,250,000	63,000,000	0.036
1997	2,683,357	3,138,320	3,624,776	3,373,142	3,624,776	78,000,000	0.046
1998	5,300,596	6,478,281	6,966,313	6,399,614	7,000,000	109,000,000	0.064
1999	5,417,258	6,951,906	7,853,103	6,923,276	7,900,000	130,000,000	0.061
2000	3,157,788	4,275,233	4,927,453	4,307,961	4,900,000	79,000,000	0.062
2001	2,849,186	4,127,446	5,314,767	4,174,937	5,250,000	92,000,000	0.057
2002	2,374,248	3,680,192	4,538,808	4,129,335	4,538,808	74,000,000	0.061
2003	1,947,249	3,237,729	3,723,661	3,434,325	3,700,000	48,000,000	0.077
2004	2,781,284	5,133,190	5,616,357	5,134,500	5,640,937	66,000,000	0.085
2005	2,181,099	4,516,634	4,579,663	4,224,508	4,675,064	49,000,000	0.095
2006	1,327,378	3,084,123	3,341,838	3,380,679	3,341,838	37,000,000	0.090
2007	1,562,754	4,081,258	4,034,323	3,619,141	4,081,258	41,500,000	0.098
2008	1,573,242	4,749,597	4,114,853	4,826,287	5,000,000	39,000,000	0.128
2009	1,637,765	5,782,466	4,247,222	5,202,335	6,000,000	37,000,000	0.162
2010	1,038,734	4,338,610	3,713,678	4,565,549	4,900,000	35,400,000	0.138
2011	1,047,087	5,851,741	4,341,648	5,793,474	5,900,000	40,000,000	0.148
2012	640,225	5,291,796	4,112,529	5,670,531	5,810,025	39,000,000	0.149
2013	241,440	4,430,296	4,264,057	6,184,795	6,200,000	41,600,000	0.149
2014	30,738	11,280,519	4,325,112	6,194,830	6,200,000	41,700,000	0.149
Total	42,906,793	96,052,994	89,824,951	93,604,031	100,958,818	1,206,400,000	

(2) From Exhibit 25

(3) From Exhibit 9

(4) From Exhibit 10-1

(6) Judgmentally Selected

(7) From Exhibit 2

(8) = (6) ÷ (7)



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Paid ALAE Development Method**

(1)	(2)	(3)	(4)
Policy Period	Paid ALAE	Cumulative Development Factor	Estimated Ultimate ALAE
1994	2,244,972	1.076	2,414,580
1995	1,250,614	1.102	1,378,726
1996	1,619,779	1.130	1,830,350
1997	2,683,357	1.170	3,138,320
1998	5,300,596	1.222	6,478,281
1999	5,417,258	1.283	6,951,906
2000	3,157,788	1.354	4,275,233
2001	2,849,186	1.449	4,127,446
2002	2,374,248	1.550	3,680,192
2003	1,947,249	1.663	3,237,729
2004	2,781,284	1.846	5,133,190
2005	2,181,099	2.071	4,516,634
2006	1,327,378	2.323	3,084,123
2007	1,562,754	2.612	4,081,258
2008	1,573,242	3.019	4,749,597
2009	1,637,765	3.531	5,782,466
2010	1,038,734	4.177	4,338,610
2011	1,047,087	5.589	5,851,741
2012	640,225	8.266	5,291,796
2013	241,440	18.349	4,430,296
2014	30,738	366.989	11,280,519
Total	42,906,793		96,052,994

(2) From Exhibit 25

(3) From Exhibit 11

(4) = (2) x (3)

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Generalized Cape Cod Method - Paid ALAE**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Ultimate Loss	Trend Index	Age-to-Ultimate LDF (Paid ALAE)	Portion of Ultimate Expense Paid	Cumulative Paid ALAE at 6/30/2014	Trended Developed ALAE to Exposure Ratio	Trended Expected ALAE to Exposure Ratio	Expected Ultimate ALAE	Estimated Unpaid ALAE	Estimated Ultimate ALAE
1994	16,000,000	1.145	1.076	93.0%	2,244,972	0.173	0.093	1,294,019	90,896	2,335,868
1995	50,200,000	1.133	1.102	90.7%	1,250,614	0.031	0.093	4,099,404	380,918	1,631,532
1996	63,000,000	1.123	1.130	88.5%	1,619,779	0.033	0.093	5,194,618	597,611	2,217,390
1997	78,000,000	1.112	1.170	85.5%	2,683,357	0.045	0.093	6,493,873	941,419	3,624,776
1998	109,000,000	1.101	1.222	81.8%	5,300,596	0.065	0.093	9,162,876	1,665,717	6,966,313
1999	130,000,000	1.091	1.283	77.9%	5,417,258	0.058	0.093	11,034,299	2,435,845	7,853,103
2000	79,000,000	1.080	1.354	73.9%	3,157,788	0.058	0.093	6,770,560	1,769,665	4,927,453
2001	92,000,000	1.070	1.449	69.0%	2,849,186	0.048	0.093	7,961,254	2,465,581	5,314,767
2002	74,000,000	1.123	1.550	64.5%	2,374,248	0.056	0.093	6,099,800	2,164,560	4,538,808
2003	48,000,000	1.112	1.663	60.1%	1,947,249	0.075	0.103	4,456,899	1,776,412	3,723,661
2004	66,000,000	1.101	1.846	54.2%	2,781,284	0.086	0.103	6,187,734	2,835,073	5,616,357
2005	49,000,000	1.091	2.071	48.3%	2,181,099	0.101	0.103	4,638,525	2,398,564	4,579,663
2006	37,000,000	1.080	2.323	43.0%	1,327,378	0.090	0.103	3,536,565	2,014,460	3,341,838
2007	41,500,000	1.070	2.612	38.3%	1,562,754	0.105	0.103	4,005,199	2,471,569	4,034,323
2008	39,000,000	1.060	3.019	33.1%	1,573,242	0.129	0.103	3,800,465	2,541,611	4,114,853
2009	37,000,000	1.049	3.531	28.3%	1,637,765	0.164	0.103	3,640,575	2,609,457	4,247,222
2010	35,400,000	1.039	4.177	23.9%	1,038,734	0.127	0.103	3,516,962	2,674,944	3,713,678
2011	40,000,000	1.029	5.589	17.9%	1,047,087	0.151	0.103	4,012,550	3,294,561	4,341,648
2012	39,000,000	1.020	8.266	12.1%	640,225	0.138	0.103	3,950,219	3,472,304	4,112,529
2013	41,600,000	1.010	18.349	5.4%	241,440	0.108	0.103	4,254,476	4,022,617	4,264,057
2014	41,700,000	1.000	366.989	0.3%	30,738	0.271	0.103	4,306,108	4,294,374	4,325,112
Total	1,206,400,000				42,906,793			108,416,980	46,918,158	89,824,951
Control	1,206,400,000				42,906,793					

Notes

- (2) Selected exposure proxy; values from Exhibit 2
(4) From Exhibit 11
(5) $1.0 \div (4)$
(6) Exhibit 25
(7) $[(6) \times (3) \div (2) \times (5)]$

- (3) ALAE-to-Loss Trend Rate =

1.0%

(3) ILF \$1.5mln to \$1mln =

1.06

(8) CC Decay Factor =

1.00

(8) Separate calculations are performed for each of two periods (before 2003 and after 2002)
(9) $(8) \times ((2) \div (3))$
(10) $(9) \times (1 - (5))$
(11) $(6) + (10)$



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Generalized Cape Cod Method - Paid ALAE**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Policy Period	Ultimate Claim Counts	Trend Index	Age-to-Ultimate LDF (Paid ALAE)	Portion of Ultimate Expense Paid	Cumulative Paid ALAE at 6/30/2014	Trended Developed ALAE to Exposure Ratio	Trended Expected ALAE to Exposure Ratio	Expected Ultimate ALAE	Estimated Unpaid ALAE	Estimated Ultimate ALAE
1994	170	2.323	1.076	93.0%	2,244,972	32,989	22,689	1,660,716	116,654	2,361,626
1995	389	2.233	1.102	90.7%	1,250,614	7,915	22,689	3,952,114	367,232	1,617,846
1996	383	2.147	1.130	88.5%	1,619,779	10,262	22,689	4,046,803	465,561	2,085,340
1997	433	2.065	1.170	85.5%	2,683,357	14,965	22,689	4,758,110	689,785	3,373,142
1998	529	1.985	1.222	81.8%	5,300,596	24,313	22,689	6,045,547	1,099,018	6,399,614
1999	574	1.909	1.283	77.9%	5,417,258	23,121	22,689	6,822,211	1,506,018	6,923,276
2000	356	1.836	1.354	73.9%	3,157,788	22,044	22,689	4,400,445	1,150,173	4,307,961
2001	333	1.765	1.449	69.0%	2,849,186	21,876	22,689	4,280,793	1,325,751	4,174,937
2002	349	1.601	1.550	64.5%	2,374,248	16,883	22,689	4,945,891	1,755,087	4,129,335
2003	241	1.539	1.663	60.1%	1,947,249	20,682	23,833	3,730,974	1,487,076	3,434,325
2004	319	1.480	1.846	54.2%	2,781,284	23,819	23,833	5,136,050	2,353,216	5,134,500
2005	236	1.423	2.071	48.3%	2,181,099	27,240	23,833	3,951,699	2,043,409	4,224,508
2006	207	1.369	2.323	43.0%	1,327,378	20,391	23,833	3,604,753	2,053,301	3,380,679
2007	184	1.316	2.612	38.3%	1,562,754	29,188	23,833	3,332,394	2,056,387	3,619,141
2008	177	1.265	3.019	33.1%	1,573,242	33,953	34,773	4,864,271	3,253,045	4,826,287
2009	174	1.217	3.531	28.3%	1,637,765	40,432	34,773	4,973,098	3,564,570	5,202,335
2010	156	1.170	4.177	23.9%	1,038,734	32,536	34,773	4,636,986	3,526,815	4,565,549
2011	187	1.125	5.589	17.9%	1,047,087	35,200	34,773	5,780,775	4,746,387	5,793,474
2012	178	1.082	8.266	12.1%	640,225	32,155	34,773	5,722,658	5,030,306	5,670,531
2013	188	1.040	18.349	5.4%	241,440	24,508	34,773	6,285,922	5,943,355	6,184,795
2014	178	1.000	366.989	0.3%	30,738	63,463	34,773	6,180,934	6,164,092	6,194,830
Total	5,941				42,906,793			99,113,145	50,697,238	93,604,031
Control	5,941				42,906,793					

Notes

- (2) Selected exposure proxy; values from Exhibit 7
 (4) From Exhibit 11
 (5) $1.0 \div (4)$
 (6) Exhibit 25
 (7) $[(6) \times (3) \div (2) \times (5)]$

(3)	Trend Rate =	4.0%
(3)	ILF \$1.5mln to \$1mln =	1.06
(8)	CC Decay Factor =	1.00

- (8) Separate calculations are performed for each of three periods (before 2003, between 2003 and 2007, and after 2007)
 (9) $(8) \times ((2) \div (3))$
 (10) $(9) \times (1 - (5))$
 (11) $(6) + (10)$



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Summary of Development Factors**

(1)	(2)	(3)	(4)	(5)	(6)
Policy Period	Age at 6/30/2014	Cumulative Development Factors			
		Reported Loss	Paid Loss	Rptd Claim Count	Paid ALAE
1994	246	1.035	1.068	1.000	1.076
1995	234	1.046	1.084	1.000	1.102
1996	222	1.058	1.100	1.000	1.130
1997	210	1.069	1.122	1.000	1.170
1998	198	1.079	1.144	1.000	1.222
1999	186	1.090	1.170	1.000	1.283
2000	174	1.101	1.197	1.000	1.354
2001	162	1.114	1.227	1.000	1.449
2002	150	1.133	1.265	1.000	1.550
2003	138	1.152	1.304	1.000	1.663
2004	126	1.178	1.367	1.000	1.846
2005	114	1.207	1.439	1.000	2.071
2006	102	1.239	1.523	1.000	2.323
2007	90	1.276	1.630	1.000	2.612
2008	78	1.346	1.788	1.000	3.019
2009	66	1.433	2.012	1.000	3.531
2010	54	1.505	2.349	1.000	4.177
2011	42	1.580	2.913	1.000	5.589
2012	30	1.738	4.224	1.000	8.266
2013	18	1.764	9.463	1.000	18.349
2014	6	3.441	473.129	2.250	366.989

(3) From Exhibit 12

(4) From Exhibit 13

(5) From Exhibit 14

(6) From Exhibit 15



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Incurred Development - Loss

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	2,293,319	9,483,332	8,899,568	8,587,163	7,830,656	8,314,481	10,736,650	11,535,278	12,987,106	13,420,047	13,621,686	13,783,936	13,918,876	14,149,757	14,804,757	14,850,393	15,046,887	15,204,018	15,404,798	15,311,761	15,168,149
1995	8,613,250	16,098,768	18,298,725	19,905,459	21,046,453	24,235,853	30,196,463	33,211,371	35,802,138	37,475,351	38,358,906	40,998,671	42,354,370	44,963,740	46,000,616	45,651,955	46,508,480	47,133,584	47,680,397	48,219,152	
1996	8,936,404	23,368,929	25,913,942	27,625,579	30,510,919	36,563,786	40,301,207	44,222,184	48,484,299	49,507,709	52,006,708	54,189,892	55,975,467	57,184,645	57,083,706	58,371,270	59,221,410	59,852,326	59,431,459		
1997	12,183,729	27,861,716	28,259,518	36,177,302	42,526,638	47,698,066	57,301,838	61,349,601	64,189,676	65,467,840	67,806,573	68,583,281	70,477,256	71,766,471	72,414,114	72,038,696	71,841,510	71,479,536			
1998	19,943,710	35,996,986	41,851,859	51,656,812	60,571,036	68,716,024	78,270,421	83,788,081	86,194,303	92,675,198	93,892,790	94,387,396	96,041,089	97,415,284	98,289,793	99,117,917	99,592,981				
1999	26,009,771	42,286,868	52,273,156	65,412,219	83,690,530	93,546,446	96,396,129	101,152,488	107,169,674	109,940,818	112,281,362	113,628,042	115,131,533	116,239,764	116,742,266	117,334,384					
2000	18,092,663	31,208,525	39,242,788	46,202,717	53,727,961	60,561,432	62,671,231	64,115,685	64,428,489	65,452,269	66,893,820	68,463,377	68,437,679	69,002,590	69,086,362						
2001	16,125,130	42,623,490	49,903,528	54,128,193	60,019,616	65,645,806	69,282,911	70,125,237	73,221,447	75,070,881	76,907,829	79,654,357	80,036,064	80,700,270							
2002	27,341,744	41,824,436	43,658,109	46,933,913	51,841,755	55,112,330	56,245,550	59,407,302	61,309,632	62,084,385	63,968,298	64,338,664	64,963,215								
2003	11,730,000	24,991,591	29,680,371	30,587,380	32,048,460	32,270,718	34,380,712	36,594,209	38,197,103	39,113,273	40,066,477										
2004	21,620,000	40,404,425	40,479,491	48,636,015	47,958,998	47,745,263	51,467,210	54,715,996	54,065,009	54,571,481	55,730,211										
2005	13,735,000	30,634,789	29,431,767	29,602,249	32,601,798	33,741,333	35,239,796	36,736,479	38,089,226	39,403,202											
2006	11,575,000	22,574,518	20,831,916	22,126,220	23,345,645	24,336,754	27,160,957	27,932,270	28,628,389												
2007	9,955,000	20,225,486	20,703,206	24,435,623	26,181,452	27,704,644	28,553,330														
2008	10,485,000	19,577,437	22,432,876	23,522,269	24,498,073	25,186,714	26,190,490														
2009	11,665,000	22,256,756	21,488,761	20,690,691	21,565,726	23,222,832															
2010	9,333,000	17,533,011	17,450,938	20,731,651	20,828,492																
2011	9,010,000	20,274,379	18,896,148																		
2012	9,061,000	15,218,932	14,790,340																		
2013	9,525,000	16,836,984																			
2014	8,025,000																				
Policy Period	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	222 to 234	234 to 246	
1994	4.135	0.938	0.965	0.924	1.048	1.291	1.074	1.126	1.033	1.015	1.012	1.010	1.017	1.046	1.003	1.013	1.010	1.013	0.994	0.991	
1995	1.869	1.137	1.088	1.057	1.152	1.246	1.100	1.078	1.047	1.024	1.069	1.033	1.062	1.023	0.992	1.019	1.013	1.012	1.011		
1996	2.615	1.109	1.066	1.104	1.198	1.102	1.097	1.096	1.021	1.050	1.042	1.033	1.022	0.998	1.022	1.015	1.011	0.993			
1997	2.287	1.014	1.280	1.176	1.121	1.202	1.071	1.046	1.020	1.036	1.011	1.028	1.018	1.009	0.995	0.997					
1998	1.805	1.163	1.234	1.173	1.134	1.139	1.070	1.053	1.051	1.013	1.005	1.018	1.014	1.009	1.008	1.005					
1999	1.626	1.236	1.251	1.279	1.118	1.030	1.049	1.059	1.026	1.021	1.012	1.013	1.010	1.004	1.005						
2000	1.725	1.257	1.177	1.163	1.127	1.035	1.023	1.005	1.016	1.022	1.023	1.000	1.008	1.001							
2001	2.643	1.171	1.085	1.109	1.094	1.055	1.012	1.044	1.025	1.024	1.036	1.005	1.008								
2002	1.530	1.044	1.075	1.105	1.063	1.021	1.056	1.032	1.013	1.030	1.006	1.010									
2003	2.131	1.188	1.031	1.048	1.007	1.065	1.064	1.044	1.024	1.024	1.029										
2004	1.869	1.002	1.201	0.986	0.996	1.078	1.063	0.988	1.009	1.021											
2005	2.230	0.961	1.006	1.101	1.035	1.044	1.042	1.037	1.034												
2006	1.950	0.923	1.062	1.055	1.042	1.116	1.028	1.025													
2007	2.032	1.024	1.180	1.071	1.058	1.031	1.057														
2008	1.867	1.146	1.049	1.041	1.028	1.040															
2009	1.908	0.965	0.963	1.042	1.077																
2010	1.879	0.995	1.188	1.005																	
2011	2.250	0.932	1.023																		
2012	1.680	0.972																			
2013	1.768																				
3 yr. Weighted Avg.	1.896	0.964	1.050	1.030	1.054	1.061	1.043	1.012	1.021	1.026	1.024	1.005	1.009	1.005	1.004	1.005	1.005	1.003			
3 yr. Simple Avg.	1.899	0.966	1.058	1.029	1.054	1.062	1.043	1.017	1.023	1.025	1.024	1.005	1.009	1.005	1.003	1.006	1.006	1.006			
6 yr. Weighted Avg.	1.891	1.006	1.074	1.056	1.033	1.063	1.054	1.028	1.019	1.024	1.017	1.012	1.013	1.007	1.005						
5 yr. Simple Avg.	1.897	1.002	1.081	1.043	1.048	1.062	1.051	1.025	1.021	1.024	1.021	1.009	1.012	1.004	1.005	1.010					
All yr. Simple Avg.	2.090	1.062	1.107	1.065	1.081	1.100	1.058	1.049	1.027	1.026	1.025	1.016	1.020	1.013	1.004	1.010	1.007	1.006	1.003	0.991	
All yr. Weighted Avg.	1.951	1.079	1.126	1.111	1.086	1.081	1.054	1.044	1.026	1.025	1.022	1.016	1.017	1.008	1.005	1.008	1.005	1.003	1.007	0.991	
Weighted Avg. for Period 2004+	1.945	0.989	1.091	1.038	1.033	1.062	1.050	1.012	1.020	1.021											
Weighted Avg. for Period 2003+	1.962	1.011	1.083	1.039	1.029	1.063	1.053	1.019	1.021	1.023	1.029										
6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	222 to Ultimate*			
Prior Selected	2.000	1.030	1.100	1.050	1.043	1.070	1.055	1.030	1.026	1.025	1.021	1.018	1.017	1.012	1.012	1.012	1.012	1.012	1.012	1.058	
Selected Age-to-Age Factor	1.950	1.015	1.100	1.050	1.050	1.065	1.055	1.030	1.026	1.025	1.017	1.012	1.017	1.012	1.010	1.010	1.010	1.010	1.058		
Age-to-Ultimate	3.441	1.764	1.738	1.580	1.505	1.433	1.346	1.276	1.239	1.207	1.178	1.152	1.133	1.114	1.101	1.090	1.079	1.069	1.058		

Notes

The tail factor at age 222 was selected based on our professional judgment and a review of the indications under various curve fits (exponential and inverse power).

Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014 Paid Development - Loss																					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	26,549	1,085,543	2,641,954	4,124,329	5,084,843	5,722,553	7,242,469	8,316,696	9,155,065	9,847,402	10,410,633	10,843,786	11,300,869	11,611,420	13,170,559	13,536,456	13,869,548	14,164,610	14,480,115	14,717,050	14,869,562
1995	80,363	4,047,081	8,939,146	12,050,595	14,749,328	17,686,672	20,515,552	23,550,880	26,360,529	28,623,483	30,913,850	33,242,746	35,089,831	37,835,891	39,490,585	40,853,101	42,237,336	43,319,945	44,173,862	44,946,066	
1996	378,046	5,771,167	11,223,864	16,143,606	19,774,295	21,111,356	27,926,570	31,771,721	35,130,846	38,583,345	41,892,003	45,282,651	47,738,398	49,701,088	50,664,881	52,232,264	53,345,882	54,502,593	55,444,200		
1997	815,371	7,821,377	14,581,583	20,702,527	27,113,577	32,634,148	38,065,738	44,432,822	48,428,705	52,355,301	55,708,485	59,170,730	61,760,924	64,112,761	65,930,596	67,350,780	68,349,730	69,178,746			
1998	669,532	12,537,723	21,891,260	30,297,467	38,075,413	47,693,752	55,066,893	62,331,012	69,316,570	74,989,311	80,581,753	84,007,096	87,261,489	90,580,043	91,833,051	94,098,025	95,370,766				
1999	995,206	10,797,670	24,660,509	36,775,269	48,489,269	59,198,778	68,146,592	75,693,025	82,690,689	89,372,768	96,370,703	100,800,313	103,879,099	106,636,646	108,943,899	110,731,278					
2000	1,575,064	8,023,881	18,230,077	25,655,782	32,636,247	39,168,113	45,189,506	49,990,189	53,605,391	56,847,394	59,595,706	61,370,735	63,055,284	64,455,072	65,704,827						
2001	808,910	8,227,308	18,164,142	27,111,459	36,289,194	44,338,472	50,928,805	55,892,131	60,352,296	64,535,713	68,038,275	70,812,422	72,723,866	74,867,706							
2002	216,354	6,839,032	14,180,137	22,166,579	29,048,012	35,829,517	41,696,455	46,908,446	50,194,494	52,802,330	55,245,722	57,080,560									
2003	116,449	4,102,891	9,691,219	15,453,958	19,696,226	23,171,871	26,550,349	29,164,849	31,245,190	33,050,557	34,739,348	36,658,575									
2004	55,434	4,053,646	10,308,270	21,016,687	27,298,840	32,681,469	37,681,242	41,514,100	43,927,541	45,878,239	47,890,506										
2005	115,754	3,587,812	10,699,396	15,762,952	20,226,477	23,938,556	26,988,184	29,918,925	32,022,978	34,065,699											
2006	98,943	3,742,351	8,422,268	12,411,065	15,576,114	18,619,114	20,919,129	22,887,791	24,402,666												
2007	285,928	5,676,478	11,209,781	15,793,250	19,388,678	21,896,733	24,325,300	25,985,907													
2008	473,915	5,505,846	10,864,806	14,654,096	17,326,386	19,897,914															
2009	268,668	4,890,464	9,659,290	12,780,249	15,384,243																
2010	277,174	4,107,835	8,580,641	12,277,283	15,011,077																
2011	162,597	3,229,866	7,772,237	12,186,582																	
2012	67,306	2,514,839	6,055,027																		
2013	59,126	2,551,333																			
2014	14,340																				
Policy Period	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	222 to 234	234 to 246	
1994	40,888	2,434	1,561	1,233	1,125	1,266	1,148	1,101	1,076	1,057	1,042	1,042	1,027	1,134	1,028	1,025	1,021	1,022	1,016	1,010	
1995	50,360	2,209	1,348	1,210	1,213	1,160	1,148	1,119	1,086	1,080	1,075	1,056	1,078	1,044	1,035	1,034	1,026	1,020	1,017		
1996	15,266	1,945	1,438	1,225	1,219	1,158	1,138	1,106	1,098	1,086	1,081	1,054	1,041	1,019	1,031	1,021	1,022	1,017			
1997	9,592	1,864	1,420	1,310	1,211	1,159	1,167	1,090	1,081	1,064	1,062	1,044	1,038	1,028	1,022	1,015	1,012				
1998	18,726	1,746	1,364	1,290	1,221	1,195	1,132	1,112	1,082	1,074	1,043	1,039	1,038	1,015	1,024	1,016					
1999	10,850	2,394	1,491	1,319	1,221	1,151	1,111	1,092	1,081	1,078	1,046	1,031	1,027	1,022	1,016						
2000	5,094	2,272	1,407	1,272	1,200	1,154	1,106	1,072	1,060	1,048	1,030	1,027	1,022	1,019							
2001	10,171	2,208	1,493	1,339	1,222	1,149	1,097	1,080	1,069	1,054	1,041	1,027	1,029								
2002	31,610	2,073	1,563	1,310	1,233	1,164	1,125	1,070	1,052	1,046	1,033	1,031									
2003	35,233	2,362	1,595	1,275	1,176	1,146	1,098	1,071	1,058	1,051	1,055										
2004	73,126	2,543	2,039	1,299	1,197	1,153	1,102	1,058	1,044												
2005	30,995	2,962	1,472	1,284	1,184	1,127	1,109	1,070	1,064												
2006	37,823	2,251	1,474	1,255	1,195	1,124	1,094	1,066													
2007	19,853	1,975	1,409	1,228	1,129	1,111	1,068														
2008	11,618	1,973	1,349	1,182	1,148	1,094															
2009	16,485	1,975	1,323	1,204	1,154																
2010	14,820	2,089	1,431	1,223																	
2011	19,864	2,406	1,568																		
2012	37,364	2,408																			
2013	43,151																				
3 yr. Weighted Avg.	28,703	2,274	1,432	1,202	1,143	1,109	1,091	1,064	1,054	1,047	1,041	1,028	1,026	1,019	1,020	1,017	1,019	1,019			
3 yr. Simple Avg.	33,460	2,301	1,441	1,203	1,144	1,109	1,090	1,065	1,056	1,047	1,043	1,029	1,026	1,019	1,020	1,017	1,020				
6 yr. Weighted Avg.	17,056	2,088	1,418	1,230	1,170	1,129	1,102	1,070	1,058	1,057	1,041	1,033	1,032	1,023	1,023						
5 yr. Simple Avg.	26,337	2,170	1,416	1,218	1,162	1,122	1,094	1,067	1,058	1,049	1,041	1,031	1,031	1,021	1,025	1,022					
All yr. Simple Avg.	26,645	2,210	1,487	1,262	1,191	1,151	1,117	1,085	1,071	1,062	1,051	1,039	1,038	1,040	1,026	1,022	1,020	1,020	1,017	1,010	
All yr. Weighted Avg.	14,405	2,137	1,476	1,276	1,200	1,148	1,116	1,085	1,071	1,063	1,048	1,036	1,035	1,026	1,023	1,020	1,019	1,019	1,017	1,010	
Weighted Avg. for Period 2004+	21,058	2,240	1,508	1,244	1,170	1,125	1,095	1,064	1,053	1,044											
Weighted Avg. for Period 2003+	21,880	2,252	1,517	1,248	1,171	1,129	1,095	1,066	1,054	1,047	1,055										
6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	222 to Ultimate*			
Prior Selected	60,000	2,230	1,450	1,250	1,170	1,140	1,105	1,070	1,060	1,055	1,048	1,037	1,036	1,030	1,030	1,025	1,025	1,021	1,100		
Selected Age-to-Age Factor	50,000	2,240	1,450	1,240	1,168	1,125	1,097	1,070	1,058	1,053	1,048	1,031	1,031	1,025	1,023	1,022	1,020	1,020	1,100		
Age-to-Ultimate	473,129	9,463	4,224	2,913	2,349	2,012	1,788	1,630	1,523	1,439	1,367	1,304	1,265	1,227	1,197	1,170	1,144	1,122	1,100		

Notes

The tail factor at age 222 was selected based on our professional judgment and a review of the indications under various curve fits (exponential and inverse power).



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Reported Claim Count Development

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	55	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170	170
1995	168	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389	389
1996	165	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363	363
1997	198	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433	433
1998	267	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529
1999	375	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574
2000	224	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356
2001	134	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333	333
2002	238	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349	349
2003	100	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241	241
2004	178	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319	319
2005	100	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236	236
2006	103	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207	207
2007	85	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184
2008	90	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177	177
2009	94	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174	174
2010	80	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156
2011	75	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187
2012	89	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178	178
2013	91	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188
2014	79																				
Policy Period	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	222 to 234	234 to 246	
1994	3.091	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995	2.315	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996	2.321	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	2.187	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.981	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1999	1.531	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2000	1.589	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	2.485	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.466	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2003	2.410	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004	1.792	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005	2.360	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006	2.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007	2.165	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008	1.967	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009	1.851	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010	1.950	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011	2.493	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013	2.066	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3 yr. Weighted Avg.	2.169	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3 yr. Simple Avg.	2.186	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
6 yr. Weighted Avg.	2.042	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
5 yr. Simple Avg.	2.072	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All yr. Simple Avg.	2.102	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Weighted Avg. for Period 2004+	2.037	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Weighted Avg. for Period 2003+	2.071	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to Ultimate						
Prior Selected	2.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected Age-to-Age Factor	2.250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age-to-Ultimate	2.250	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Paid Development - Expense**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	-	27,433	77,232	111,899	200,420	216,899	240,084	248,007	322,341	503,072	841,418	1,351,828	1,731,422	1,977,574	2,144,379	2,173,272	2,212,159	2,220,431	2,230,005	2,243,806	2,244,972
1995	-	40,578	86,977	134,486	165,985	257,409	305,628	337,182	387,515	513,823	559,140	654,134	797,625	910,077	1,026,703	1,075,096	1,136,960	1,161,275	1,211,556	1,250,614	
1996	-	11,995	39,431	162,846	200,709	210,893	215,730	231,958	286,209	323,819	461,196	656,044	862,517	1,041,758	1,225,521	1,362,265	1,439,164	1,569,935	1,619,779		
1997	-	54,402	176,759	315,193	451,955	731,022	1,383,513	1,629,688	1,694,449	1,725,066	1,840,136	2,012,079	2,133,015	2,280,526	2,418,637	2,517,438	2,614,271	2,683,357			
1998	-	104,336	193,899	470,205	1,162,714	1,764,606	2,044,125	2,441,676	3,126,889	3,532,562	3,875,709	4,179,944	4,431,888	4,724,240	4,945,082	5,168,911	5,300,596				
1999	-	12,007	86,954	403,140	729,973	983,522	1,487,175	2,468,786	3,091,807	3,600,118	3,991,427	4,280,935	4,669,028	4,987,671	5,278,273	5,417,258					
2000	150	939	117,093	298,953	571,205	1,354,247	1,862,050	2,067,526	2,354,948	2,481,623	2,648,059	2,867,994	3,017,192	3,104,229	3,157,788						
2001	993	148,978	312,938	494,399	638,920	824,646	1,335,042	1,559,623	1,779,356	2,019,045	2,292,089	2,469,608	2,638,453	2,849,186							
2002	11,730	250,054	530,452	764,930	880,062	1,027,233	1,167,726	1,359,653	1,516,322	1,724,898	1,952,331	2,162,965	2,374,248								
2003	61,448	360,265	600,571	709,946	886,715	965,225	1,080,816	1,171,579	1,333,505	1,499,649	1,693,604	1,947,249									
2004	8,494	258,111	872,659	1,268,350	1,467,004	1,699,147	1,880,551	2,055,445	2,242,522	2,452,014	2,781,284										
2005	14,481	199,050	555,531	806,211	1,101,947	1,301,221	1,473,232	1,759,834	2,014,661	2,181,099											
2006	10,227	154,866	343,412	576,952	807,757	941,402	1,030,471	1,210,220	1,327,378												
2007	5,832	250,350	524,980	762,100	947,108	1,121,420	1,253,950	1,562,754													
2008	10,579	172,403	398,549	751,925	1,097,937	1,379,413															
2009	6,750	330,615	773,334	1,080,067	1,408,585	1,637,765															
2010	14,243	249,125	562,765	807,670	1,038,734																
2011	13,870	345,593	795,492	1,047,087																	
2012	4,950	331,177	640,225																		
2013	15,806	241,440																			
2014	30,738																				
Policy Period	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	222 to 234	234 to 246	
1994	-	2,815	1,449	1,791	1,082	1,107	1,033	1,300	1,561	1,673	1,607	1,281	1,142	1,084	1,013	1,018	1,004	1,004	1,006	1,001	
1995	-	2,143	1,546	1,234	1,551	1,187	1,103	1,149	1,326	1,088	1,170	1,219	1,141	1,128	1,047	1,058	1,021	1,043	1,032		
1996	-	3,287	4,130	1,233	1,051	1,023	1,075	1,234	1,131	1,424	1,422	1,315	1,208	1,176	1,112	1,056	1,091	1,032			
1997	-	3,249	1,783	1,434	1,617	1,893	1,178	1,040	1,018	1,067	1,093	1,060	1,069	1,061	1,041	1,038	1,026				
1998	-	1,858	2,425	2,473	1,518	1,158	1,194	1,281	1,130	1,097	1,078	1,060	1,066	1,047	1,045	1,025					
1999	-	7,242	4,636	1,811	1,347	1,512	1,660	1,252	1,164	1,109	1,073	1,091	1,068	1,058	1,026						
2000	6,260	124,700	2,553	1,911	2,371	1,375	1,110	1,139	1,054	1,067	1,083	1,052	1,029	1,017							
2001	150,028	2,101	1,580	1,292	1,291	1,619	1,168	1,141	1,135	1,135	1,077	1,068	1,080								
2002	21,317	2,121	1,442	1,151	1,167	1,137	1,164	1,115	1,138	1,132	1,108	1,098									
2003	5,863	1,667	1,182	1,249	1,089	1,120	1,084	1,138	1,125	1,129	1,150										
2004	30,387	3,381	1,453	1,157	1,158	1,107	1,093	1,091	1,093	1,134											
2005	13,746	2,791	1,451	1,367	1,181	1,132	1,195	1,145	1,083												
2006	15,143	2,217	1,680	1,400	1,165	1,095	1,174	1,097													
2007	42,927	2,097	1,452	1,243	1,184	1,118	1,246														
2008	16,297	2,312	1,887	1,460	1,256	1,141															
2009	48,980	2,339	1,397	1,304	1,163																
2010	17,491	2,259	1,435	1,286																	
2011	24,917	2,302	1,316																		
2012	66,904	1,933																			
2013	15,275																				
3 yr. Weighted Avg.	26,518	2,158	1,377	1,343	1,198	1,121	1,206	1,111	1,097	1,132	1,108	1,071	1,060	1,044	1,037	1,034	1,043	1,022			
3 yr. Simple Avg.	35,699	2,165	1,383	1,350	1,201	1,118	1,205	1,111	1,100	1,132	1,112	1,073	1,059	1,041	1,037	1,040	1,046	1,026			
6 yr. Weighted Avg.	25,233	2,201	1,479	1,338	1,183	1,119	1,156	1,120	1,099	1,115	1,088	1,072	1,070	1,059	1,040						
5 yr. Simple Avg.	34,713	2,229	1,497	1,339	1,190	1,118	1,158	1,117	1,115	1,120	1,098	1,074	1,062	1,072	1,054	1,039					
All yr. Simple Avg.	33,967	9,096	1,933	1,458	1,324	1,248	1,177	1,163	1,163	1,187	1,186	1,138	1,100	1,082	1,047	1,039	1,036	1,026	1,019	1,001	
All yr. Weighted Avg.	19,736	2,328	1,556	1,387	1,291	1,241	1,200	1,158	1,119	1,126	1,120	1,098	1,079	1,062	1,040	1,033	1,031	1,022	1,015	1,001	
Weighted Avg. for Period 2004+	24,068	2,386	1,471	1,300	1,183	1,119	1,169	1,111	1,088	1,134											
Weighted Avg. for Period 2003+	17,357	2,288	1,439	1,295	1,172	1,119	1,155	1,116	1,097	1,132	1,150										
Prior Selected ATA	6 to 18	18 to 30	30 to 42	42 to 54	54 to 66	66 to 78	78 to 90	90 to 102	102 to 114	114 to 126	126 to 138	138 to 150	150 to 162	162 to 174	174 to 186	186 to 198	198 to 210	210 to 222	222 to Ultimate*		
	20,000	2,350	1,550	1,360	1,190	1,150	1,150	1,140	1,130	1,130	1,100	1,080	1,070	1,070	1,060	1,050	1,050	1,030	1,110		
Selected Age-to-Age Factor	20,000	2,220	1,479	1,338	1,183	1,170	1,156	1,124	1,122	1,122	1,110	1,073	1,070	1,070	1,055	1,05	1,045	1,035	1,130		
Age-to-Ultimate	366,989	18,349	8,266	5,589	4,177	3,531	3,019	2,612	2,323	2,071	1,846	1,663	1,550	1,449	1,354	1,283	1,222	1,170	1,130		

Notes

The tail factor at age 222 was selected based on our professional judgment and a review of the indications under various curve fits (exponential and inverse power).

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Closed Claim Counts

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	10	117	133	123	134	141	142	148	146	145	148	150	154	155	158	160	161	161	160	162	164
1995	41	212	213	256	272	275	271	275	277	281	295	295	304	315	318	328	335	337	342	347	
1996	24	130	201	234	242	260	262	263	266	273	277	289	297	301	312	314	321	326	332		
1997	16	165	242	254	278	277	281	288	311	320	332	342	351	357	364	371	379	391			
1998	12	218	281	315	321	331	346	362	371	391	405	418	430	436	447	455	469				
1999	32	163	295	275	284	300	339	370	381	403	416	427	437	449	472	487					
2000	22	147	147	156	176	204	218	228	250	259	267	274	281		299						
2001	10	38	62	105	131	145	160	184	191	200	213	221	239	250							
2002	16	63	143	183	196	213	243	251	255	259	264	274	290								
2003	10	61	98	113	132	144	156	160	170	175	183	193									
2004	9	70	122	147	173	187	202	213	226	237	251										
2005	6	55	112	133	142	154	158	165	176	185											
2006	12	71	106	117	133	143	151	157	166												
2007	13	68	95	106	115	124	130	134													
2008	14	66	87	95	108	119	127														
2009	6	51	76	94	110	119															
2010	9	47	85	94	103																
2011	6	60	97	112																	
2012	18	76	105																		
2013	15	62																			
2014	16																				



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Open Claims

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	45	53	37	47	36	29	28	22	24	25	22	20	16	15	12	10	9	9	10	8	6
1995	127	177	176	133	117	114	118	114	112	108	94	94	85	74	71	61	54	52	47	42	
1996	141	253	182	149	141	123	121	120	117	110	106	94	86	82	71	69	62	57	51		
1997	182	268	191	179	155	156	152	145	122	113	101	91	82	76	69	62	54	42			
1998	255	311	248	214	208	198	183	167	158	138	124	111	99	93	82	74	60				
1999	343	411	279	299	290	274	235	204	193	171	158	147	137	125	102	87					
2000	202	209	209	200	180	152	138	128	106	97	89	82	75	69	57						
2001	124	295	271	228	202	188	173	149	142	133	120	112	94	83							
2002	222	286	206	166	153	136	106	98	94	90	85	75	59								
2003	90	180	143	128	109	97	85	81	71	66	58	48									
2004	169	249	197	172	146	132	117	106	93	82	68										
2005	94	181	124	103	94	82	78	71	60	51											
2006	91	136	101	90	74	64	56	50	41												
2007	72	116	89	78	69	60	54	50													
2008	76	111	90	82	69	58	50														
2009	88	123	98	80	64	55															
2010	71	109	71	62	53																
2011	69	127	90	75																	
2012	71	102	73																		
2013	76	106																			
2014	63																				



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Ratios of Paid to Incurred Loss**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	0.012	0.114	0.297	0.480	0.641	0.688	0.675	0.721	0.705	0.734	0.764	0.787	0.812	0.821	0.890	0.912	0.922	0.932	0.940	0.961	0.980
1995	0.009	0.251	0.489	0.605	0.693	0.730	0.679	0.709	0.736	0.764	0.806	0.811	0.828	0.841	0.858	0.895	0.908	0.919	0.926	0.932	
1996	0.042	0.247	0.433	0.584	0.648	0.659	0.693	0.718	0.725	0.779	0.806	0.836	0.853	0.869	0.887	0.895	0.901	0.911	0.933		
1997	0.067	0.281	0.516	0.572	0.638	0.689	0.664	0.724	0.754	0.799	0.822	0.863	0.876	0.893	0.910	0.935	0.951	0.968			
1998	0.034	0.348	0.523	0.587	0.645	0.694	0.704	0.744	0.786	0.809	0.858	0.890	0.909	0.930	0.935	0.949	0.960				
1999	0.038	0.255	0.472	0.562	0.579	0.633	0.707	0.748	0.772	0.813	0.858	0.887	0.902	0.917	0.933	0.944					
2000	0.087	0.257	0.465	0.555	0.607	0.647	0.721	0.780	0.832	0.869	0.891	0.896	0.921	0.934	0.951						
2001	0.050	0.193	0.364	0.501	0.605	0.675	0.735	0.797	0.824	0.860	0.885	0.889	0.909	0.928							
2002	0.008	0.164	0.325	0.472	0.560	0.650	0.741	0.790	0.819	0.850	0.864	0.887	0.906								
2003	0.010	0.164	0.327	0.505	0.615	0.718	0.772	0.797	0.818	0.845	0.867	0.889									
2004	0.003	0.100	0.255	0.432	0.569	0.684	0.732	0.759	0.812	0.841	0.859										
2005	0.008	0.117	0.364	0.532	0.620	0.709	0.766	0.814	0.841	0.865											
2006	0.009	0.166	0.404	0.561	0.667	0.765	0.770	0.819	0.852												
2007	0.029	0.281	0.541	0.646	0.741	0.790	0.852	0.861													
2008	0.045	0.281	0.484	0.623	0.707	0.790	0.831														
2009	0.025	0.220	0.450	0.618	0.713	0.765															
2010	0.030	0.234	0.492	0.592	0.721																
2011	0.018	0.159	0.411	0.630																	
2012	0.007	0.165	0.409																		
2013	0.006	0.152																			
2014	0.002																				

Note - Loss data equals ratio of data in Exhibit 13 to data in Exhibit 12.



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Ratios of Closed to Reported Claims

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	0.182	0.688	0.782	0.724	0.788	0.829	0.835	0.871	0.859	0.853	0.871	0.882	0.906	0.912	0.929	0.941	0.947	0.947	0.941	0.953	0.965
1995	0.244	0.545	0.548	0.658	0.699	0.707	0.697	0.707	0.712	0.722	0.758	0.758	0.781	0.810	0.817	0.843	0.861	0.866	0.879	0.892	
1996	0.145	0.339	0.525	0.611	0.632	0.679	0.684	0.687	0.695	0.713	0.723	0.755	0.775	0.786	0.815	0.820	0.838	0.851	0.867		
1997	0.081	0.381	0.559	0.587	0.642	0.640	0.649	0.665	0.718	0.739	0.767	0.790	0.811	0.824	0.841	0.857	0.875	0.875	0.903		
1998	0.045	0.412	0.531	0.595	0.607	0.626	0.654	0.684	0.701	0.739	0.766	0.790	0.813	0.824	0.845	0.860	0.887				
1999	0.085	0.284	0.514	0.479	0.495	0.523	0.591	0.645	0.664	0.702	0.725	0.744	0.761	0.782	0.822	0.848					
2000	0.098	0.413	0.413	0.438	0.494	0.573	0.612	0.640	0.702	0.728	0.750	0.770	0.789	0.806	0.840						
2001	0.075	0.114	0.186	0.315	0.393	0.435	0.480	0.553	0.574	0.601	0.640	0.664	0.718	0.751							
2002	0.067	0.181	0.410	0.524	0.562	0.610	0.696	0.719	0.731	0.742	0.756	0.785	0.831								
2003	0.100	0.253	0.407	0.469	0.548	0.598	0.647	0.664	0.705	0.726	0.759	0.801									
2004	0.051	0.219	0.382	0.461	0.542	0.586	0.633	0.668	0.708	0.743	0.787										
2005	0.060	0.233	0.475	0.564	0.602	0.653	0.669	0.699	0.746	0.784											
2006	0.117	0.343	0.512	0.565	0.643	0.691	0.729	0.758	0.802												
2007	0.153	0.370	0.516	0.576	0.625	0.674	0.707	0.728													
2008	0.156	0.373	0.492	0.537	0.610	0.672	0.718														
2009	0.064	0.293	0.437	0.540	0.632	0.684															
2010	0.113	0.301	0.545	0.603	0.660																
2011	0.080	0.321	0.519	0.599																	
2012	0.202	0.427	0.590																		
2013	0.165	0.436																			
2014	0.203																				

Note - Loss data equals ratio of data in Exhibit 16 to data in Exhibit 14.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014¹
Average Incurred Loss per Reported Claim

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	41,697	55,784	52,350	50,513	46,651	48,909	63,157	67,855	76,395	78,941	80,128	81,082	81,876	83,234	87,087	87,355	88,511	89,435	90,616	90,069	89,224
1995	51,269	41,385	47,040	51,171	54,104	62,303	77,626	85,376	92,036	96,338	98,609	105,395	108,880	115,588	118,253	117,357	119,559	121,166	122,572	123,957	
1996	54,160	61,015	67,660	72,129	79,663	95,467	105,225	115,463	126,591	129,263	135,788	141,488	146,150	149,307	149,070	152,405	154,625	156,272	155,174		
1997	61,534	64,346	65,264	83,550	98,214	110,088	132,337	141,685	148,245	151,196	156,597	158,391	162,765	165,742	167,238	166,371	165,916	165,080			
1998	74,696	68,047	79,115	97,650	114,501	129,898	147,959	158,390	166,719	175,189	177,491	178,426	181,552	184,150	185,803	187,368	188,267				
1999	69,359	73,671	91,068	113,959	145,802	162,973	167,938	176,224	186,707	191,535	195,612	197,958	200,578	202,508	203,384	204,415					
2000	80,771	87,664	110,233	129,783	150,921	170,116	176,043	180,100	180,979	183,855	187,904	192,313	192,241	193,828	194,063						
2001	120,337	127,998	149,860	162,547	180,239	197,135	208,057	210,586	219,884	225,438	230,954	239,202	240,349	242,343							
2002	114,881	119,841	125,095	134,481	148,544	157,915	161,162	170,221	175,672	177,892	183,290	184,351	186,141								
2003	117,300	103,700	123,155	126,919	132,981	133,903	142,659	151,843	158,494	162,296	166,251	171,130									
2004	121,461	126,660	126,895	152,464	150,342	149,672	161,339	171,523	169,483	171,070	174,703										
2005	137,350	129,808	124,711	125,433	138,143	142,972	149,321	155,663	161,395	166,963											
2006	112,379	109,056	100,637	106,890	112,781	117,569	131,212	134,939	138,301												
2007	117,118	109,921	112,517	132,802	142,291	150,569	155,181	164,040													
2008	116,500	110,607	126,739	132,894	138,407	142,298	147,969														
2009	124,096	127,912	123,499	118,912	123,941	133,465															
2010	116,663	112,391	111,865	132,895																	
2011	120,133	108,419	101,049	103,368																	
2012	101,809	85,500	83,092																		
2013	104,670	89,558																			
2014	101,582																				

Note - Loss data equals ratio of data in Exhibit 12 to data in Exhibit 14.



**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Average Paid Loss per Closed Claim**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months																				
	6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	2,655	9,278	19,864	33,531	37,947	40,585	51,003	56,194	62,706	67,913	70,342	72,292	73,382	74,912	83,358	84,603	86,146	87,979	90,501	90,846	90,668
1995	1,960	19,090	41,968	47,073	53,597	64,315	75,703	85,640	95,164	101,863	104,793	112,687	115,427	120,114	124,184	124,552	126,082	128,546	129,163	129,528	
1996	15,752	44,394	55,840	68,990	81,712	92,736	106,590	120,805	132,071	141,331	151,235	156,687	160,735	165,120	162,387	166,345	166,187	167,186	167,001		
1997	50,961	47,402	60,254	81,506	97,531	118,535	135,465	154,281	155,719	163,548	167,797	173,014	175,957	179,588	181,128	181,538	180,342	176,928			
1998	55,794	57,512	77,905	96,182	121,730	144,090	159,153	172,185	186,837	191,814	198,967	200,974	202,934	207,752	205,667	206,809	203,776				
1999	31,100	66,243	83,595	133,728	170,737	197,329	201,022	204,576	217,036	221,769	231,660	236,066	237,710	237,498	230,813	227,374					
2000	71,594	54,584	124,014	164,460	185,433	192,001	207,291	219,255	214,422	219,488	223,205	223,981	224,396	224,582	219,749						
2001	80,891	216,508	292,970	258,204	277,017	305,783	318,305	303,762	315,981	322,679	319,429	320,418	304,284	299,471							
2002	13,522	108,556	99,162	121,129	148,204	168,214	171,590	186,886	196,841	203,870	209,264	208,323	202,997								
2003	11,645	67,261	98,890	136,761	149,214	160,916	170,195	182,280	183,795	188,860	189,833	189,941									
2004	6,159	57,909	84,494	142,971	157,797	174,767	186,541	194,902	194,370	193,579	190,799										
2005	19,292	65,233	95,530	118,443	142,440	155,445	170,811	181,327	181,949	184,247											
2006	8,245	52,709	79,455	106,077	117,114	130,204	138,537	145,782	147,004												
2007	21,994	83,478	117,998	148,993	168,597	176,587	187,118	193,925													
2008	33,851	83,422	124,881	154,254	160,430	167,209	171,386														
2009	49,445	95,891	127,096	135,960	139,857	149,198															
2010	30,797	87,401	100,949	130,609	145,739																
2011	27,100	53,831	80,126	108,809																	
2012	3,739	33,090	57,667																		
2013	3,942	31,114																			
2014	896																				

Note - Loss data equals ratio of data in Exhibit 13 to data in Exhibit 16.

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Average Case Outstanding Loss

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	50,373	158,449	169,125	94,954	79,050	89,377	124,792	146,299	159,668	142,906	145,957	147,008	163,625	169,222	136,183	131,394	130,815	115,490	92,468	74,339	49,765
1995	67,188	68,089	53,179	59,059	55,283	57,449	82,042	84,741	84,300	81,962	79,203	82,510	85,465	96,322	91,689	78,670	79,095	73,339	74,607	77,931	
1996	60,698	69,556	80,715	77,060	76,146	101,239	102,270	103,754	114,132	99,312	95,422	94,758	95,780	91,263	90,547	88,971	94,767	93,855	78,182		
1997	62,464	74,777	71,612	86,451	99,439	95,089	126,553	116,667	129,190	116,217	119,783	103,435	106,297	100,707	93,964	75,612	64,663	54,781			
1998	75,585	75,432	80,486	99,810	103,344	106,173	126,795	128,485	119,479	128,086	107,347	93,516	88,683	73,497	77,521	67,836	67,037				
1999	72,929	76,616	98,970	95,776	121,384	125,356	120,211	124,801	126,834	120,281	100,700	87,263	82,135	76,825	76,455	75,898					
2000	81,770	110,931	100,539	102,735	117,176	140,746	126,679	110,355	102,105	88,710	82,001	86,496	71,765	65,906	59,325						
2001	123,518	116,597	117,120	118,494	117,477	113,337	106,093	95,524	90,628	79,212	73,913	78,946		70,272							
2002	122,186	122,327	143,097	149,201	148,979	141,785	137,256	127,539	118,246	103,134	102,619	96,775	103,291								
2003	129,039	116,048	139,784	118,230	113,323	93,803	92,122	91,720	97,914	91,859		95,494									
2004	127,601	145,987	153,153	160,577	141,508	114,120	117,829	124,546	109,005	106,015	115,290										
2005	144,886	149,431	151,068	134,459	131,652	119,546	105,790	96,022	101,104	104,265											
2006	126,111	138,472	122,868	107,946	104,994	89,338	111,461	100,890	103,066												
2007	134,293	125,422	106,668	110,800	98,446	96,799	78,297	83,951													
2008	131,725	126,771	128,536	108,148	103,937	91,186	88,489														
2009	129,186	141,189	120,709	98,881	96,586	99,423															
2010	127,547	123,167	124,934	136,361	109,763																
2011	128,223	134,209	123,599	95,244																	
2012	126,672	124,550	119,662																		
2013	124,551	134,770																			
2014	127,153																				

Note - The above values can be calculated according to the following formula: (Exhibit 12 - Exhibit 13) / (Exhibit 14 - Exhibit 16)



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Ratios of Paid ALAE to Paid Loss

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	0.000	0.025	0.029	0.027	0.039	0.038	0.033	0.030	0.035	0.051	0.081	0.125	0.153	0.170	0.163	0.161	0.159	0.157	0.154	0.152	0.151
1995	0.000	0.010	0.010	0.011	0.011	0.015	0.015	0.014	0.015	0.018	0.018	0.020	0.023	0.024	0.026	0.026	0.027	0.027	0.027	0.028	
1996	0.000	0.002	0.004	0.010	0.010	0.009	0.008	0.007	0.008	0.008	0.011	0.014	0.018	0.021	0.024	0.026	0.027	0.029	0.029		
1997	0.000	0.007	0.012	0.015	0.017	0.022	0.036	0.037	0.035	0.033	0.033	0.034	0.035	0.036	0.037	0.037	0.038	0.039			
1998	0.000	0.008	0.009	0.016	0.030	0.037	0.037	0.039	0.045	0.047	0.048	0.050	0.051	0.052	0.054	0.055	0.055				
1999	0.000	0.001	0.004	0.011	0.015	0.017	0.022	0.033	0.037	0.040	0.041	0.042	0.045	0.047	0.048	0.049					
2000	0.000	0.000	0.006	0.012	0.018	0.035	0.041	0.041	0.044	0.044	0.044	0.047	0.048	0.048	0.048						
2001	0.001	0.018	0.017	0.018	0.018	0.019	0.026	0.028	0.029	0.031	0.034	0.035	0.036	0.038							
2002	0.054	0.037	0.037	0.035	0.030	0.029	0.028	0.029	0.030	0.033	0.035	0.038	0.040								
2003	0.528	0.088	0.062	0.046	0.045	0.042	0.041	0.040	0.043	0.045	0.049	0.053									
2004	0.153	0.064	0.085	0.060	0.054	0.052	0.050	0.050	0.051	0.053	0.058										
2005	0.125	0.055	0.052	0.051	0.054	0.054	0.055	0.059	0.063	0.064											
2006	0.103	0.041	0.041	0.046	0.052	0.051	0.049	0.053	0.054												
2007	0.020	0.044	0.047	0.048	0.049	0.051	0.052	0.060													
2008	0.022	0.031	0.037	0.051	0.063	0.069	0.072														
2009	0.023	0.068	0.080	0.085	0.092	0.092															
2010	0.051	0.061	0.066	0.066	0.069																
2011	0.085	0.107	0.102	0.086																	
2012	0.074	0.132	0.106																		
2013	0.267	0.095																			
2014	2.144																				

Note - Loss data equals ratio of data in Exhibit 15 to data in Exhibit 13.

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Average Paid ALAE per Reported Claim**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Policy Period	Age in Months 6	18	30	42	54	66	78	90	102	114	126	138	150	162	174	186	198	210	222	234	246
1994	-	161	454	658	1,179	1,276	1,412	1,459	1,896	2,959	4,950	7,952	10,185	11,633	12,614	12,784	13,013	13,061	13,118	13,199	13,206
1995	-	104	224	346	427	662	786	867	996	1,321	1,437	1,682	2,050	2,340	2,639	2,764	2,923	2,985	3,115	3,215	
1996	-	31	103	425	524	551	563	606	747	845	1,204	1,713	2,252	2,720	3,200	3,557	3,758	4,099	4,229		
1997	-	126	408	728	1,044	1,688	3,195	3,764	3,913	3,984	4,250	4,647	4,926	5,267	5,586	5,814		6,197			
1998	-	197	367	889	2,198	3,336	3,864	4,616	5,911	6,678	7,326	7,902	8,378	8,931	9,348	9,771	10,020				
1999	-	21	151	702	1,272	1,713	2,591	4,301	5,386	6,272	6,954	7,458	8,134	8,689	9,196	9,438					
2000	1	3	329	840	1,605	3,804	5,230	5,808	6,615	6,971	7,438	8,056	8,475	8,720	8,870						
2001	7	447	940	1,485	1,919	2,476	4,009	4,684	5,343	6,063	6,883	7,416	7,923	8,556							
2002	49	716	1,520	2,192	2,522	2,943	3,346	3,896	4,345	4,942	5,594	6,198	6,803								
2003	614	1,495	2,492	2,946	3,679	4,005	4,485	4,861	5,533	6,223	7,027	8,080									
2004	48	809	2,736	3,976	4,599	5,326	5,895	6,443	7,030	7,687	8,719										
2005	145	843	2,354	3,416	4,669	5,514	6,243	7,457	8,537	9,242											
2006	99	748	1,659	2,787	3,902	4,548	4,978	5,846	6,412												
2007	69	1,361	2,853	4,142	5,147	6,095	6,815	8,493													
2008	118	974	2,252	4,248	6,203	7,793	8,888														
2009	72	1,900	4,444	6,207	8,095	9,412															
2010	178	1,597	3,607	5,177	6,659																
2011	185	1,848	4,254	5,599																	
2012	56	1,861	3,597																		
2013	174	1,284																			
2014	389																				

Note - Loss data equals ratio of data in Exhibit 15 to data in Exhibit 14.

Pennsylvania Insurance Department / Bureau of Special Funds **USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014 **Data Summary - Loss Summary**

(1) Policy Period	(3) Loss			(5) ALAE
	(2) Paid	Case Reserve	Case Incurred	Paid
1994	14,869,562	298,587	15,168,149	2,244,972
1995	44,946,066	3,273,086	48,219,152	1,250,614
1996	55,444,200	3,987,259	59,431,459	1,619,779
1997	69,178,746	2,300,790	71,479,536	2,683,357
1998	95,570,766	4,022,215	99,592,981	5,300,596
1999	110,731,278	6,603,106	117,334,384	5,417,258
2000	65,704,827	3,381,535	69,086,362	3,157,788
2001	74,867,706	5,832,564	80,700,270	2,849,186
2002	58,869,045	6,094,170	64,963,215	2,374,248
2003	36,658,575	4,583,694	41,242,269	1,947,249
2004	47,890,506	7,839,705	55,730,211	2,781,284
2005	34,085,699	5,317,503	39,403,202	2,181,099
2006	24,402,666	4,225,723	28,628,389	1,327,378
2007	25,985,907	4,197,539	30,183,446	1,562,754
2008	21,766,022	4,424,468	26,190,490	1,573,242
2009	17,754,547	5,468,285	23,222,832	1,637,765
2010	15,011,077	5,817,415	20,828,492	1,038,734
2011	12,186,582	7,143,306	19,329,888	1,047,087
2012	6,055,027	8,735,313	14,790,340	640,225
2013	2,551,333	14,285,651	16,836,984	241,440
2014	14,340	8,010,660	8,025,000	30,738
Total	834,544,477	115,842,574	950,387,051	42,906,793

(2) Based on client data.
(3) Based on client data.
(4) = (2) + (3)
(5) Based on client data.

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Data Summary - Number of Open Claims at Prior Valuations**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Policy Period	Number of Open Claims as of:								
	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
1994	16	15	12	10	9	9	10	8	6
1995	94	85	74	71	61	54	52	47	42
1996	106	94	86	82	71	69	62	57	51
1997	113	101	91	82	76	69	62	54	42
1998	158	138	124	111	99	93	82	74	60
1999	204	193	171	158	147	137	125	102	87
2000	138	128	106	97	89	82	75	69	57
2001	188	173	149	142	133	120	112	94	83
2002	153	136	106	98	94	90	85	75	59
2003	128	109	97	85	81	71	66	58	48
2004	197	172	146	132	117	106	93	82	68
2005	181	124	103	94	82	78	71	60	51
2006	91	136	101	90	74	64	56	50	41
2007	n/a	72	116	89	78	69	60	54	50
2008	n/a	n/a	76	111	90	82	69	58	50
2009	n/a	n/a	n/a	88	123	98	80	64	55
2010	n/a	n/a	n/a	n/a	71	109	71	62	53
2011	n/a	n/a	n/a	n/a	n/a	69	127	90	75
2012	n/a	n/a	n/a	n/a	n/a	n/a	71	102	73
2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	76	106
2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	63
Total	1,767	1,676	1,558	1,540	1,495	1,469	1,429	1,336	1,220

(2) - (8) From Exhibit 17.



Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014
Data Summary - Claim Counts

(1)	(2)	(3)	(4)
Policy Period	Closed Claim Counts	Open Claim Counts	Reported Claim Counts
1994	164	6	170
1995	347	42	389
1996	332	51	383
1997	391	42	433
1998	469	60	529
1999	487	87	574
2000	299	57	356
2001	250	83	333
2002	290	59	349
2003	193	48	241
2004	251	68	319
2005	185	51	236
2006	166	41	207
2007	134	50	184
2008	127	50	177
2009	119	55	174
2010	103	53	156
2011	112	75	187
2012	105	73	178
2013	82	106	188
2014	16	63	79
Total	4,622	1,220	5,842

(2) Based on client data.

(3) Based on client data.

(4) = (2) + (3)

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

USTIF Loss Fund Experience at 6/30/2014
Data Summary - Fixed Price Contracts Through Close

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Policy Period	Year Entered Into Since Policy Year Inception																	Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	
1998	n/a	n/a	n/a	n/a	n/a	n/a	0	1	1	6	2	6	3	1	3	0	2	25
1999	n/a	n/a	n/a	n/a	n/a	0	0	3	9	6	4	5	2	2	5	0		36
2000	n/a	n/a	n/a	n/a	1	1	3	1	3	1	2	0	2	2	0			16
2001	n/a	n/a	n/a	0	0	2	2	2	3	5	3	2	2	1				22
2002	n/a	n/a	0	2	0	1	3	3	0	2	3	1	2					17
2003	n/a	0	1	6	0	1	4	0	2	0	0	1						15
2004	0	2	3	3	4	1	3	0	1	0	2							19
2005	0	3	3	7	4	5	3	4	0	0								29
2006	0	2	5	3	4	1	1	0	0									16
2007	0	3	4	1	1	3	2	1										15
2008	0	1	1	2	6	1	4											15
2009	0	1	3	1	3	2												10
2010	0	3	1	5	1													10
2011	0	1	5	1														7
2012	0	0	0															0
2013	0	0																0
2014	0																	
Total - All Years																		252

(2) through (18) Incremental counts based on client data.

(19) Sum of (2) through (18).

Note: Values on last diagonal represent 6 months of data.

**Pennsylvania Insurance Department / Bureau of Special Funds
USTIF Loss Fund**

**USTIF Loss Fund Experience at 6/30/2014
Post Remedial Care Costs Associated with Environmental Covenants
Summary by Policy Period**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Policy Period	Claim Counts			Paid PRCP			PRCP Case Reserves			Incurred PRCP		
	Open	Closed	Total	Open	Closed	Total	Open	Closed	Total	Open	Closed	Total
1994	0	1	1	0	1,032	1,032	0	10,331	10,331	0	11,363	11,363
1995	1	3	4	0	111	111	22,500	15,439	37,939	22,500	15,550	38,050
1996	2	0	2	15,143	0	15,143	409,857	0	409,857	425,000	0	425,000
1997	0	2	2	0	27,724	27,724	0	13,531	13,531	0	41,255	41,255
1998	0	4	4	0	2,359	2,359	0	75,468	75,468	0	77,827	77,827
1999	2	12	14	0	5,550	5,550	14,706	135,340	150,046	14,706	140,890	155,596
2000	1	2	3	0	0	0	9,750	25,000	34,750	9,750	25,000	34,750
2001	3	12	15	6,417	8,712	15,130	34,102	282,473	316,575	40,519	291,185	331,704
2002	0	4	4	0	3,216	3,216	0	62,079	62,079	0	65,296	65,296
2003	0	1	1	0	0	0	0	2,560	2,560	0	2,560	2,560
2004	1	4	5	2,557	2,090	4,647	11,993	37,589	49,582	14,550	39,679	54,229
2005	1	4	5	13,387	1,210	14,597	56,613	36,040	92,653	70,000	37,250	107,250
2006	1	2	3	0	258	258	21,500	11,152	32,652	21,500	11,410	32,910
2007	1	1	2	0	0	0	1,800	14,875	16,675	1,800	14,875	16,675
2008 - 2014	0	1	1	0	0	0	0	3,750	3,750	0	3,750	3,750
Total	13	53	66	37,505	52,261	89,766	582,821	725,626	1,308,447	620,326	777,887	1,398,213
Control	13	53	66	37,505	52,261	89,766	582,821	725,626	1,308,447	620,326	777,887	1,398,213

(2) through (13) Based on client data

Pennsylvania Insurance Department / Bureau of Special Funds USTIF Loss Fund

USTIF Loss Fund Experience at 6/30/2014 Post Remedial Care (PRC) Costs Associated with Environmental Covenants Summary by PRC Year

(1)	(2)	(3)	(4)
PRC Year	Paid	Case Reserves	Incurred
Not Available	0	24,858	24,858
2005	0	0	0
2006	4,751	55,249	60,000
2007	0	0	0
2008	3,225	25,074	28,299
2009	1,902	7,548	9,450
2010	2,026	31,424	33,450
2011	21,093	156,100	177,193
2012	45,901	482,935	528,837
2013	9,883	333,369	343,252
2014	985	191,890	192,875
Total	89,766	1,308,447	1,398,213
Control	89,766	1,308,447	1,398,213

(1) Based on the PRC agreement date
(2) through (4) Based on client data



Appendix

Pennsylvania Insurance Department / Bureau of Special Funds Tank Installers Indemnification Program

Loss and Expense Projections Incurred by Fiscal Year

(1)	(2)	(3)	(4)	(5)
<u>Fiscal Year</u>	<u>Total Revenue</u>	<u>Estimated Total Annual Cost</u>	<u>Underwriting Income</u>	<u>Cumulative Underwriting Income</u>
7/1/14 - 6/30/15	280,000	306,125	(26,125)	(26,125)
7/1/15 - 6/30/16	280,000	314,658	(34,658)	(60,783)
7/1/16 - 6/30/17	280,000	323,438	(43,438)	(104,221)
7/1/17 - 6/30/18	280,000	332,476	(52,476)	(156,697)
7/1/18 - 6/30/19	280,000	341,777	(61,777)	(218,473)
7/1/19 - 6/30/20	280,000	351,350	(71,350)	(289,823)
7/1/20 - 6/30/21	280,000	361,203	(81,203)	(371,026)
7/1/21 - 6/30/22	280,000	371,346	(91,346)	(462,373)
7/1/22 - 6/30/23	280,000	381,787	(101,787)	(564,160)
7/1/23 - 6/30/24	280,000	392,535	(112,535)	(676,695)
Total	2,800,000	3,476,695	(676,695)	

(2) From Appendix Exhibit 3 with a 0% trend going forward.

(3) From Appendix Exhibit 2.

(4) Equals (2) - (3).

(5) From (4).

**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

**Loss and Expense Projections
Incurred by Fiscal Year**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Fiscal Year</u>	<u>Tanks-Installed</u>	<u>Loss Rate</u>	<u>Estimated Annual ALAE</u>	<u>Estimated Annual Loss and ALAE</u>	<u>Estimated ULAE</u>	<u>Estimated Total Annual Cost</u>
7/1/14 - 6/30/15	225	1,100	37,125	284,625	21,500	306,125
7/1/15 - 6/30/16	225	1,128	38,610	292,298	22,360	314,658
7/1/16 - 6/30/17	225	1,156	40,154	300,184	23,254	323,438
7/1/17 - 6/30/18	225	1,185	41,761	308,291	24,185	332,476
7/1/18 - 6/30/19	225	1,214	43,431	316,625	25,152	341,777
7/1/19 - 6/30/20	225	1,245	45,168	325,192	26,158	351,350
7/1/20 - 6/30/21	225	1,276	46,975	333,999	27,204	361,203
7/1/21 - 6/30/22	225	1,308	48,854	343,054	28,293	371,346
7/1/22 - 6/30/23	225	1,340	50,808	352,363	29,424	381,787
7/1/23 - 6/30/24	225	1,374	52,840	361,934	30,601	392,535
Total	2,250		445,727	3,218,564	258,131	3,476,695

(2) From Appendix Exhibit 6 for 2014 (0% trend per annum thereafter).

(3) From Appendix Exhibit 4-1 for 2014 (2.5% trend per annum thereafter).

(4) From the projections in the USTIF Loss Fund analysis.

(5) Equals (2) x (3) + (4).

(6) Value for 2014 selected based on discussions with the PA Insurance Department. Trended at 4% thereafter.

(7) Sum of (5) and (6).

Pennsylvania Insurance Department / Bureau of Special Funds Tank Installers Indemnification Program

Estimated Revenue for the Period 7/1/2014 - 6/30/2015

(1)	(2)	(3)	(4)
Type	Number of Licenses or Activities	Fees	Revenue
Company Fees	213	1,000	213,000
Activity - Removal	410	15	6,150
Activity - Major Modifications	800	50	40,000
Activity - Installations	225	50	11,250
		Indicated Total	270,400
		(5) Actual Fees - 7/1/2013 to 6/30/2014	310,526
		Selected 2014/15 TIIP Revenue	280,000

(2) From Appendix Exhibit 6 with the Number of Licenses provided by the PA Insurance Department.

(3) From the current fee structure.

(4) Equals (2) times (3)

(5) Provided by PA Insurance Department.



**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

Estimation of Prospective Loss Rate

(1)	(2)	(3)	(4)	(5)
<u>Calendar or Fiscal Year</u>	<u>Indicated Ultimate</u>	<u>Ultimate Trended to 2014/15</u>	<u>Tanks-Installed</u>	<u>Loss per Tank</u>
1/1/02 - 6/30/02	0	0	86	0
7/1/02 - 6/30/03	80,735	108,579	461	236
7/1/03 - 6/30/04	0	0	334	0
7/1/04 - 6/30/05	0	0	314	0
7/1/05 - 6/30/06	0	0	261	0
7/1/06 - 6/30/07	0	0	220	0
7/1/07 - 6/30/08	0	0	232	0
7/1/08 - 6/30/09	0	0	275	0
7/1/09 - 6/30/10	18,946	21,436	241	89
7/1/10 - 6/30/11	966,102	1,066,396	242	4,407
7/1/11 - 6/30/12	356,533	383,947	292	1,315
7/1/12 - 6/30/13	478,061	502,263	209	2,403
7/1/13 - 6/30/14	272,242	279,048	209	1,335
Total	2,172,620	2,361,670	3,376	700
Control	2,172,620		3,376	
Average: 7/1/2002 - 6/30/2013				676
Average: 7/1/2004 - 6/30/2013				864
Average: 7/1/2004 - 6/30/2013 (Excl. 2010)				966
Average: 7/1/2006 - 6/30/2013				1,154
Prior Selected Loss Rate (2013 Review)				950
Selected Loss Rate				1,100

- (2) From Appendix Exhibit 4-2.
(3) Trended at 2.5% per annum.
(4) From Appendix Exhibit 6.
(5) Equals (3) divided by (4).



**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

Estimation of Ultimate TIIP Losses

(1)	(2)	(3)	(4)	(5)	(6) (2) + (1-(3))*(4)x (1-.17)	(7) see note
<u>Calendar or Fiscal Year</u>	<u>Reported Loss at 6/30/14</u>	<u>Expected % Reported at 6/30/2014</u>	<u>Revenue</u>	<u>Loss Development Estimate</u>	<u>BF Loss Estimates</u>	<u>Indicated Ultimate</u>
1/1/02 - 6/30/02	0	89%	208,026	0	19,636	0
7/1/02 - 6/30/03	80,735	88%	348,561	92,266	116,891	80,735
7/1/03 - 6/30/04	0	86%	325,583	0	37,725	0
7/1/04 - 6/30/05	0	84%	320,096	0	42,574	0
7/1/05 - 6/30/06	0	82%	310,424	0	46,885	0
7/1/06 - 6/30/07	0	80%	300,471	0	50,967	0
7/1/07 - 6/30/08	0	76%	299,774	0	58,858	0
7/1/08 - 6/30/09	0	72%	327,028	0	75,910	0
7/1/09 - 6/30/10	0	68%	286,278	0	75,786	18,946
7/1/10 - 6/30/11	881,413	65%	290,385	1,358,905	966,102	966,102
7/1/11 - 6/30/12	262,500	60%	286,120	434,577	356,533	356,533
7/1/12 - 6/30/13	375,000	57%	289,456	656,717	478,061	478,061
7/1/13 - 6/30/14	125,000	43%	310,526	291,571	272,242	272,242
Total	1,724,648		3,902,727	2,834,036	2,598,172	2,172,620
Control	1,724,648		3,902,727			

(2) From Appendix Exhibit 5.

(3) Per USTIF loss development factors.

(4) From Appendix Exhibit 6.

(5) Equals (2) divided by (3).

(6) Assumes a 17% expense to revenue ratio based on the assumptions in the USTIF analysis (includes a provision for ULAE).

(7) Equals (2) if there are no open or appealed cases and equals (6) for 2010-2013. Otherwise, equals weighted average of (5) and (6).



**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

Summary of TIIP Data as of June 30, 2014

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Number of Claims by Type					
<u>Calendar or Fiscal Year</u>	<u>Open</u>	<u>Appealed</u>	<u>Closed or Withdrawn</u>	<u>Total</u>	<u>Paid ALAE Expense Amounts</u>	<u>Reported Loss</u>
1/1/02 - 6/30/02	-	-	-	-	-	-
7/1/02 - 6/30/03	-	-	5	5	54,247	80,735
7/1/03 - 6/30/04	-	-	4	4	31,493	-
7/1/04 - 6/30/05	-	-	-	-	-	-
7/1/05 - 6/30/06	-	-	-	-	-	-
7/1/06 - 6/30/07	-	-	2	2	-	-
7/1/07 - 6/30/08	-	-	1	1	-	-
7/1/08 - 6/30/09	-	-	-	-	-	-
7/1/09 - 6/30/10	1	1	-	2	-	-
7/1/10 - 6/30/11	1	-	2	3	97,061	881,413
7/1/11 - 6/30/12	2	-	4	6	147,568	262,500
7/1/12 - 6/30/13	2	-	1	3	50,488	375,000
7/1/13 - 6/30/14	1	1	-	2	-	125,000
Total	7	2	19	28	380,857	1,724,648
Control	7	2	19	28	380,857	1,724,648
	-	-	-	-	-	-

(2) - (4) Based on client data.
(5) Sum of (2) through (4).
(6) & (7) Based on client data.

**Pennsylvania Insurance Department / Bureau of Special Funds
Tank Installers Indemnification Program**

Exposure Summary - By Period

(1)	(2)	(3)	(4)	(5)
	Activities			
<u>Calendar or Fiscal Year</u>	<u>Tanks-Removed or Closed</u>	<u>Tanks-Major Modifications</u>	<u>Tanks-Installed</u>	<u>Total Fee Revenue</u>
1/1/02 - 6/30/02	239	99	86	208,026
7/1/02 - 6/30/03	783	559	461	348,561
7/1/03 - 6/30/04	973	561	334	325,583
7/1/04 - 6/30/05	817	681	314	320,096
7/1/05 - 6/30/06	646	569	261	310,424
7/1/06 - 6/30/07	513	476	220	300,471
7/1/07 - 6/30/08	522	489	232	299,774
7/1/08 - 6/30/09	580	822	275	327,028
7/1/09 - 6/30/10	475	725	241	286,278
7/1/10 - 6/30/11	529	907	242	290,385
7/1/11 - 6/30/12	418	885	292	286,120
7/1/12 - 6/30/13	364	729	209	289,456
7/1/13 - 6/30/14*	364	729	209	310,526
Total	7,223	8,231	3,376	3,902,727
(6a) Indication #1 for 7/1/14 - 6/30/15	312	913	214	
(6b) Indication #2 for 7/1/14 - 6/30/15	266	600	180	
(6c) Average for 7/1/08 - 6/30/14	455	800	245	
(6d) Average for 7/1/10 - 6/30/14	419	813	238	
(7) Selected for 7/1/14 - 6/30/15	410	800	225	

(2) - (5) Based on client data.

(6a) Based on Linear Regression for 2007 - 2013.

(6b) Based on Linear Regression for 2010 - 2013.

(6c) and (6d) Simple Averages

(7) Selected based on actuarial judgment and discussions with the client.

* (2)-(4) set equal to 2012/13 for projection purposes. A one-time batch of transactions was processed in 2013/14 that was non-recurring and is not considered predictive of future activity levels.